THE
Freeman
IDEAS ON LIBERTY

JULY 1956

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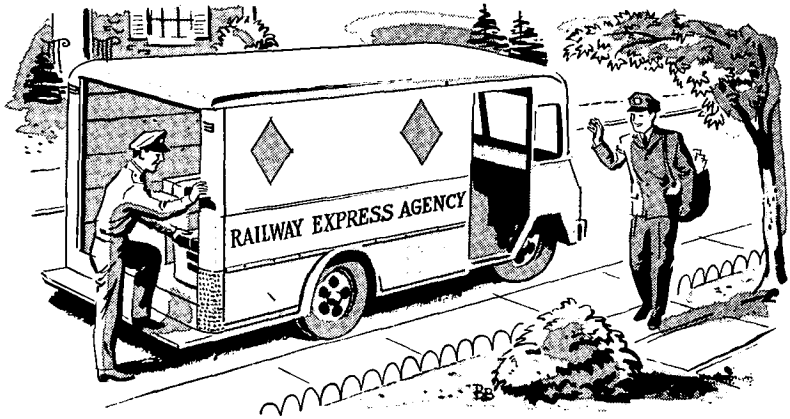
Both doing A NECESSARY JOB



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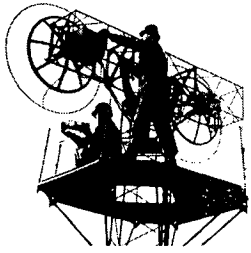

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Fluoridated Water

Gordon B. Leitch, M.D.

Pap on tap! Or is it poison?

ANYONE WHO WANTS to argue for or against fluoride treatment to reduce tooth decay should have little trouble finding medical and dental authorities to support whatever stand he takes.

Some experts are confident that sodium fluoride is a normal constituent of the human body; others maintain that it is a deadly poison and that any presence of it in the human body is purely incidental to the widespread distribution and combining power of the element fluorine in nature. Some cite statistical evidence that sodium fluoride prevents or reduces tooth decay; others find the same statistics scientifically unreliable and inconclusive. Some testify that one part per million of sodium fluoride in drinking water is perfectly safe; others question that *any* quantity can be taken without danger because of the tendency to accumulate in the body. Some contend that the American Medical Association endorses the use of sodium fluoride in community water supplies; others say it has done nothing of the kind. Some assert that fluoridation involves the same principle as does chlorination of the water supply; others reply that chlorination is designed to control communicable diseases through enhancing the purity of the water, whereas fluoridation does absolutely nothing to increase water purity but is mass medication against noncontagious tooth decay.

The fact that experts are as far from agreement on the matter as are laymen may be amusing as well as confusing. But it raises a most significant point: How well and reliably informed are the experts? Which of them are making pronouncements based on opinions and which base their judgment on sound scientific evidence?

This frightful fuss about fluoride seems comparable in many respects to the arguments about iodine as a preventive of goiter — another issue over which authorities disagree. But fortunately, in the interest of peace among men, someone hit upon the happy sug-

Dr. Leitch is a practicing physician and surgeon and a former member of the editorial staff of Northwest Medicine.

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gestion of iodized salt, rather than iodized drinking water.

No public problems grew out of a manufacturer's decision to put a laxative in chewing gum; nor did the addition of vitamin D to milk cause civil war. There was no great furor over mentholated cigarettes; nor does the baking of some bread from enriched flour cause strife between neighbors. Even the offering of fluoridated toothpaste fails to precipitate a crisis, any more than if fluoride were offered in milk, bread, salt, chewing gum, or cigarettes. Fluoridated toothpaste, however, does carry a warning against children under six using it lest they swallow it. Mixing fluoride with water is about the only way to make a public problem of it; and then only in the instance of a community water supply, where the problems of ownership and management tend to complicate the fluoridation issue.

If water is privately owned and controlled, as from a spring or well on a man's own property, the owner may do with it pretty much as he pleases; provided, of course, that he does not use it in a manner detrimental to the proper interests of others. This water possibly may have certain qualities which accord it a distinct market value. In that case, who will object if the owner offers some or all of it for sale, assuming he makes no false claims as to its properties? The water may contain fluoride. If the owner is willing, why not let him sell to willing buyers at a price acceptable to both parties? Surely no public problem grows out of such a procedure.

THE PUBLIC PROBLEMS linked with the fluoridation issue arise only in those instances where ownership and control of the water is uncertain. Who owns the community water supply? That is the question, and in spite of the many community water supplies, it is not entirely an academic one.

Theoretically, if a private individual or corporation supplies the water for a community — in contrast to a municipal water works — the question of ownership would be quite clear. The water would be delivered, according to contract, by one private owner to another.

In practice, however, when a community is dependent for its water on a single supplier, that supplier is subjected to such public health requirements and other governmental standards and controls, including rate regulation, that any claim of private ownership largely loses its meaning. Indeed, under such conditions many private suppliers have willingly

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THE Freeman

A MONTHLY JOURNAL OF IDEAS ON LIBERTY

JULY 1956

VOL. 6, NO. 7

Additional copies, postpaid, to one address: Single copy 50¢; 3 for $1.00; 25 or more, 20¢ each.

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THE FREEMAN is published monthly by the *Foundation for Economic Education, Inc.*, Irvington-on-Hudson, N. Y. Anyone may receive the journal regularly upon written request.

Accepted as controlled circulation publication at Irvington, N. Y. with additional entry at New York, N. Y.

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disposed of their enterprises to municipalities or other political units rather than endure the harassment incidental to operating under government regulation.

Ask yourself the next time you draw a drink: "Do I control this water supply? If it is not wholly mine, then who determines its amplitude and its purity? Has it been fluoridated? Will it be?" Honest answers to these questions should help toward an understanding of the difference between a politically or governmentally controlled commodity or service and one that depends upon voluntary market relationships. The latter can prevail only under private ownership and control and open competition between willing buyers and willing sellers. The free market process thrives upon competition and frowns upon a single supplier with a franchise empowering him to exclude competition by force of law.

The fact is that in most populous urban communities, water is now and long has been considered a public utility, with production and distribution of the commodity and service subject to strict regulation in the public interest. This amounts to monopoly control of the water supply according to the politically expressed will of the majority. Thus in nearly every instance of a community water sup-

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ply under one management, the voters of the community directly or indirectly will determine what processing or treatment, if any, is to be applied to the water which flows through the mains.

A person who advocates a single water supply in a given community is thereby suggesting departure from the free market process of competitive private enterprise. And from such a position it would appear that he may not logically claim a right as an individual to determine the conditions under which his "share" of the water is to be delivered. If he accepts the process of majority rule as the determinant of the nature of his water supply, he may not at the same time stand upon his rights as an individual to receive nonfluoridated water; not if the vote favors fluoridation.

Under majority rule, of course, the individual has a right to vote as he chooses, but if the majority goes against him, he has no recourse. This is a sad but inevitable consequence of political action, a consequence which can and should be clearly anticipated *before* one authorizes political control over a water supply or over anything else upon which he is dependent.

In politically determining matters pertinent to a community water supply there is, however, another side to this coin of majority rule (a side not generally realized) which makes it completely consistent for an individual who has accepted a monopoly water supply for his community nevertheless to oppose fluoridation. Inherent in rule by political majority is the moral law, not abrogated by any political decision, that a political majority may not destroy a minority, that the rights of a minority must be protected by the majority.

In the United States of America a person may use reasoned argument and persuasion to his heart's content; but it is a violation of the moral law at least for one individual to try to compel or force another individual to do, or not to do, something against the latter's will. Nor is the moral law changed in the slightest if such an individual is joined by other individuals to form a committee, community, society, or a majority, bent on compelling another individual to do something against the latter's will. These collective entities have no rights or privileges different from those of the individuals comprising them. The moral law is not a matter of numbers.

Basically, the extensive and deep-rooted opposition rests upon the fact that fluoridation of com-

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munity water supplies violates minority rights under the moral law. In the arrangement whereby most community water supplies are managed on a monopoly or public utility basis, the chief concerns implied in the arrangement, for both supplier and consumers, are the abundance and particularly the *purity* of the water. As long as the emphasis remains on purity, everyone seems happy. Trouble arises only in conjunction with the idea of using the community water supply as a vehicle for medication — the idea of adding a substance to the water not to enhance its purity but solely to affect the body and physiologic processes of those consuming the water.

THE TOXICITY of sodium fluoride is not open to question insofar as the chemical itself is concerned. If anyone doubts that it is a deadly poison, he can quickly end the doubt — and risk doing the same with his life — by swallowing enough of the white powder to cover a nickel, a lethal dose. How toxic it may be when minutely diluted simply has not as yet been scientifically determined. Claims of absolute safety are still in the realm of unsubstantiated opinion, and, to say the least, hazardous in the face of the known cumulative nature of the substance.

In face of the substance's known toxicity, and while the hazards and uncertainties involved in its ingestion from a community water supply remain unresolved, what can those opposed to fluoridation do to protect their rights should they be a minority without political recourse? They must rely largely upon appeal to reason. They might reasonably advocate that those wishing to use fluoride for themselves or their children utilize sodium fluoride tablets, which are available in precise dosage, or drops from a stock solution precisely compounded at the corner drugstore. Or why not fluoridized salt, toothpaste, brand of milk, or some other commodity readily available in the free market, in contrast to fluoridation of a monopolized product such as the community water supply?

Or if the majority, disregarding these readily available and cheaper alternatives, still insists upon fluoridating water, why not look into the possibility of injecting fluoride at the point where the water enters each home, thus allowing each family its choice in the matter?

Whether to attach the fluoridation equipment ahead of or behind the water softener might be a problem in some homes. This raises another question: If the majority should insist on fluori-

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dated community water regardless, would it then be illegal for a person to install water-treating equipment which would remove the fluoride from his own portion of the water supply? Would such a nonconformist be deemed a toothless menace to the community and haled into court for violating the law or endangering the public health?

THE ROLE AND INTEREST of public health authorities in fluoridation should not be lightly dismissed. The Surgeon General of the United States Public Health Service has publicly predicted that nationwide research "will produce sooner than we think findings capable of turning public health work upside down." In discussing mass application methods for preventing noninfectious disease—many alert observers consider fluoridation the trial run or pilot plant test for such mass medication methods — Dr. Leonard Scheele told a 1953 Washington conference of state and territorial health and hospital authorities that community-wide attack on "far more serious diseases than dental decay" probably will be forthcoming after laboratory tests have paved the way.

Those opposing water fluoridation and other believers in the libertarian way of life might reasonably ask if there is any logical end to such public health measures. Why not public regulation of the amount of candy and sweets and other tooth-decaying foods to be allowed each person? Why not a law to assure regular brushing and other tooth care? Or is community-wide fluoridation supposed to relieve the individual of all necessity for exercising any other precautionary measures against tooth decay?

AS LONG AS ANY semblance of voluntarism remains with respect to the care or abuse anyone may lavish upon one's own person, it would seem reasonable to propose that use of fluoridated water to combat tooth decay also be left to the will and judgment of each individual.

That means keeping fluorides out of the community water supply.

PATERNALISM means ultimate tyranny because all paternalism presupposes and promotes the feebleness of the individual paternalized.

GEORGE WENDELL MAXEY (1878-), Chief Justice of Pennsylvania, 1943. *The Equilibrium Between Liberty and Government.*

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Most Important

Victor Jacobson

THE most important people are the farmers, so it is said, for they feed the nation. Laborers, however, are just about as important because they do the real work. On the other hand, were it not for the doctors and for medical science, our life expectancy would be shorter, with less opportunity to enjoy all the other nice things. So we see after all that the doctors are the most important — except for the ministers who are most important because this life is so short and the next one so long.

Let us remember, though, that teachers are the ones who lay the foundation for everything; and unless they do their job well, we won't even get started along any line; we will regress to barbarism. And bear in mind that if it were not for the savers and capitalists, we would still be plowing with a stick and pounding corn in a hollowed stone.

Where would we be if the milkman didn't get up early to serve us and our babies? If our babies were to die, what would we have? So there really is no argument; the milkman is the most important. Of course, we have to have electricity or nearly everything would stop. The house would be cold, the refrigerator warm, and the television set would go dead. Think of it! Electric service surely is of paramount importance. In case the service is disrupted, one must call the power plant, by telephone. Perhaps phone service is the most important.

Before telephones, delivering a message over muddy roads was slow and tedious. Now, of course, many roads are paved and greatly improved. Our modern highways are most important, particularly those which lead to our most important commuting stations and airports. But what would these improved roads be worth without cars? Think what the automobile factories really mean to us!

The truth is that many different things are most important, each of us having his own idea of their relative importance, depending upon the time and circumstances. Each of us tends to do what seems most important to him at the moment, and this ac-

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counts for all human creativity and production. With our creative and productive specialties we come to be important to one another, often in ways which could not be foreseen and which many of us may never clearly understand. This variability in the subjective judgments of the importance of things is the basis of all trade and voluntary cooperation, enabling each productive individual to gain peaceful possession and use of vastly more than he could ever hope to attain strictly on his own.

WE ALSO KNOW THAT personal freedom to judge the importance of things can lead to conflict as well as to voluntary cooperation. There are those who think it most important to gain something for nothing, which leads to conflict, making the power of compulsion seem most important. Hence, we tend to rate national defense, the maintenance of internal law and order, and the administration of justice — the force of government — as most important. But the governmental power to suppress private outbursts of violence, thus protecting life and property, is also a power capable of taking the lives and the property of individuals. And in the name of promoting their own special interests, groups often advocate compulsory action detrimental to the peaceful and proper interests of others.

Therein lies the danger of concluding that any one thing is most important — so important that force and compulsion seem justified as a means to that end. Coercive means tend to become ends in themselves, having no logical stopping place until all resistance, all deviation, all competition, all exchange, all initiative, all individuality is suppressed.

IN PROPORTION as each individual relies upon the helpful vigilance of the State, he learns to abandon to its responsibility the fate and well-being of his fellow-citizens. But the inevitable tendency of such abandonment is to deaden the living force of sympathy, and to render the natural impulse to mutual assistance inactive.

WILHELM VON HUMBOLDT

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Why Wages Rise:

5. DOING WHAT YOU CAN DO BEST

F. A. Harper

In the previous article it was shown how the rise in wages has been due in large measure to the aid of tools that use the stored energy from the sun. Energy used to assist each man-hour of labor has increased some five times over the past century in the United States. And real wages per hour have increased about five times too.

The creation and use of tools became possible only because of a method of cooperation to be discussed in this article.

APPARENTLY man is created in endless variety. We are told that no two persons are identical biologically. Nor are any two persons identical in their ability to do things, in their aptitudes of mind and body with which deeds are done and things are produced for economic betterment.

One person may be totally unable to do a thing that another can do; or if he can do it at all, it is with less ease and excellence. The cripple, for instance, is excluded from the fraternity of four-minute milers; probably Ginger Rogers is too. Yet these persons are not without other rare abilities the four-minute miler lacks. Each sits in the bleachers observing with admiration the accomplishments of the other.

Many who have been carelessly labeled "handicapped" have been great scholars, composers, inventors. In those respects it is the rest of us who are handicapped. Everyone is handicapped, differing only in form or degree — differing endlessly, whether we think of it in the sense of abilities or in the sense of inabilities. Yet to be outstandingly gifted in more than one or a few respects is rare.

With this endless variation of abilities and inabilities, our enjoyments for living — beyond the many pleasures of the free things that exist in our natural environment — would be few indeed if we were all forced to live in isolation. In such an existence, the person unable to sing could have only the songs of the birds and the crickets, and the like, on the airwaves for his enjoyment. If he were unable to catch the wily fish, his dinners would all be fishless.

Dr. Harper is a member of the staff of the Foundation for Economic Education.

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His raiment would be only what he alone could fashion from materials he was able to gather or capture. And only the few devices he could invent would be his to use.

Personal isolation would be an existence of meager means at best. It would reflect our inabilities in a dominant fashion, revealing vividly both the fact and some of the consequences of human variation.

An unfortunate consequence of endless human variation is to create the opportunity for endless misunderstanding. But the other side — the bright side — of the same coin is one of opportunity. It creates the chance for endless cooperation, to the mutual advantage of participants. This opportunity can exist only as differences are understood and tolerated — allowed to blossom into the cooperation with which we are here concerned.

We may reap fruits of human variation and enjoy things not of our own direct creation only if we discover how to allow this cooperation to work. It springs from trees whose roots are hidden from our view and appreciation.

What One Can Do Best

What happens under this form of cooperation may be seen by a simple illustration. Suppose two persons are living an isolated existence. Let us say that they have aptitudes that are totally unlike. What one can produce or do well the other cannot do at all, and vice versa. Each can produce many times as much of his own product as he has any use for. And yet his taste for the other's product is equal to that for his own.

It is clear that if each produces double his own wants, exchanging his surplus with the other, they can both double their consumption level of products they enjoy. They could, in effect, double their wages through the simple process of exchanging half for half of what they produce.

Now suppose that instead of being a society of two persons it is a society of three persons of this same design, each of whom can produce many times his own use of his product. By the simple process of triangular exchange of what they produce, each of them could treble his consumption of products he enjoys. This is the same as increasing wages.

Similarly, for a society of four persons, five persons, and so on.

A Seeming Miracle

This process of exchanging the fruits of one's efforts performs what may seem like a miracle. Each is allowed to use more fully

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his peculiar abilities in production. The appearance of a miracle is due to the fact that the whole seems greater than the sum of its parts—more economic enjoyment from working together in this way than from existing in isolation. By voluntarily cooperating in this manner everyone can benefit who will join in the process.[1]

The seeming miracle does not really arise from any increase in ability to produce, however. This ability remains the same for each person as it was at birth, in endless variety. True, we do not know the full limits of our abilities and may fail to develop them to the fullest extent; on the other hand, we may overestimate our abilities and may, as a consequence, limit in various ways the welfare of ourselves and others. But in spite of this, our abilities are those inherent at birth and the seeming miracle occurs for another reason.

What really happens is that by rearranging — through exchange — the products which the peculiar talents of each has made available, there is opened up an outlet for untold amounts of specialized production. Take these written words, for instance. My own demand for them is such that they probably would never have been produced except that others might want them. So something practically useless to me became available for exchange with someone who wants it. It may be some person unknown to me on whose farm is produced the egg I had for breakfast — perhaps a farmer who produces six thousand eggs a day and who himself eats only two of them.

That is how the seeming miracle works. It is really rooted in exchange rather than in production. It is a process that allows rearrangement of what is produced from the producer, who wants it little or not at all, to someone who wants it much more as a consumer. So there arises a cooperating circle of such exchanges.

The total of production is still no more than the sum of its parts, in the sense that total production is only what separate persons have produced. Nothing is produced except what somebody produces, by individual, separate, personal effort. But by the miracle of exchange a person may become able to trade the fruit of an hour of his own labor for what would take him ten or a hundred or a million hours to produce himself — if he could produce it at all. He trades with others who gain a

[1]For further discussion on this point, see *Government—An Ideal Concept* by Leonard E. Read. Irvington, N. Y.: Foundation for Economic Education, Inc., 1954. Especially pp. 17-31.

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similar advantage from the exchange.

So the seeming miracle of exchange, yielding untold increases in the usefulness of things, is easily and almost effortlessly accomplished by the simple and easy process of trading.

It all comes about without people having to work longer hours. They probably work even fewer hours when any economy becomes more and more developed in this way, under the process of specialization and exchange. They work fewer hours than if it were an economy of privation, not so developed. Leisure becomes a luxury they can now better afford, so they accept more leisure in the market for their time. The process, rather than to demand more mental or physical effort in the form of work, only increases the extent of concentration of one's effort on what he can do best. He spends less time on what he cannot do well, obtaining it instead by means of trade.

In this way he produces far more. The increase is not directly that of his own appraisal of its worth to himself, but reflects how others appraise it for themselves by access in the market. So we trade our special abilities — trade our peculiarities, so to speak, and make of them an economic virtue instead of a vice.

Limits on the Process

The only limits to the extent wages can be increased by this process are these:

1. There is, of course, a limit to what a person — even the most talented — can produce. The more capable he is in a rare ability, the higher this ceiling becomes.

2. There is a limit on his ability to find other interested traders with products they have produced beyond their own wants.

3. There are geographic and other barriers to exchange throughout the whole of society.

These three factors set the ceiling on the possible rise. Only as these barriers have been removed has it been possible for wages to rise to the point where they now are.

Barriers are in many instances the result of government intervention in production affairs, in the market, and in devices for exchange. But it is not the purpose of this article to discuss them in detail.

If wages are to be increased further, these problems must receive attention. The capacity to increase one's specialized production beyond one's own needs includes all the aids to specialized production discussed in previous articles — savings, the creation of tools, the harnessing of power,

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and the like. These become aids to the use of a person's rare ability, putting increased leverage on the unusual ability of a person like an inventor or a machine technician. By specialized work in a highly complex exchange society, one person can spend a lifetime perfecting his unusual aptitude for doing some almost indistinguishable little bit of the production process, for some complex machine sold all over the world.

One would be remiss, however, if he did not recognize certain hazards in this seeming miracle of division of labor in a complex, specialized economy of exchange.

First, though there are material benefits from such specialization, there can be serious consequences outside the material realm. A man who prepares himself for an extreme specialty and concentrates upon it for a livelihood, tends to that extent to become a physical, mental, and spiritual victim of the narrow confines of his specialty. He need not be so enslaved to his specialty, to be sure, and may be able to escape its restrictive tendencies. But the danger in this respect is certainly greater than for his ancestor whose living depended on a wider practice of various arts.

Thomas Davidson once told of a man who had ladled tar with such accomplishment for over thirty years that in his mind he might not be able to make a living if the demand for tar ladling should disappear. To that man, his perfection of a specialty had made him the victim of an insecure reliance upon a narrow specialty.

By contrast, a noted surgeon of my acquaintance had mastered nine trades before entering medical training. This gave him a great feeling of security that the tar ladler lacked. In like manner, a pioneer — despite his modest material living — evidences a spirit of self-reliance which is some compensation for his lack of economic welfare.

So it is well to do many things, outside one's vocation if not within it, for nonmaterial reasons as well as from the standpoint of revealing talents that have been latent. Even at the cost of some possible economic gain, some of one's time and effort may well be devoted to repairing the intellectual and moral loss that sometimes is the price of specialization. In becoming a wealthy giant in pursuing one's most rare talents, one must not dwarf and cripple oneself in all other respects. Not all means of satisfaction are composed of economic wealth, and there is no market in which you can buy nonmaterial welfare with material means. And so a man

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who would be wholesomely free must think of these dangers, as well as of the economic fruits of specialization.

Second, in addition to the narrowing tendency of increased specialization on one's culture and interests, there is also the danger of losing the material welfare we have attained by undermining the processes which have made it possible to rise to present levels. Our economic welfare could fall by removing the means of its attainment. If persons should be prohibited from producing their specialties, or from trading them with others in the markets of the world, the fall could parallel the rise we have enjoyed.

In the next article I shall discuss one of these matters, namely, money and its function in facilitating this process of exchanging the products of specialization.

True Today As It Was Then!

THERE are persons who constantly clamor; they complain of oppression, speculation and pernicious influence of accumulated wealth.

They cry out loud against all banks and corporations and all means by which small capitalists become united in order to produce important and beneficial results. They carry on mad hostility against all established institutions. They would choke the fountain of industry and dry all streams. . . . In a country where wages of labor are high beyond parallel, they would teach the laborer he is but an oppressed slave.

Sir, what can such men want? What do they mean? They want nothing, sir, but to enjoy the fruits of another man's labor.

DANIEL WEBSTER, 1828

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Serving Others

Benjamin F. Fairless

Ours would indeed be a sorry world if self-interest did not activate individuals to serve one another.

AS FAR AS I KNOW, there are only two basic motivations that cause you and me and other people to serve our neighbors voluntarily and regularly. One, of course, is the moral code found in the teachings of our Judeo-Christian religion. We believe it is our moral duty to help our fellow men who are in need — regardless of race or creed or nationality, and regardless of whether or not they can pay for it.

The other motivation that causes us to serve our fellow men is the desire to get something in return from them.

It is sometimes said that when service is motivated by charity and love, it is good; but that when the motivation is materialistic, it is bad. Well, I'm going to challenge the second part of that concept. I'm going to explore the possibility that the desire to earn a profit may cause us to serve more people — more effectively — than does our desire to be charitable.

Of course, I want it clearly understood that the idea of serving others with no expectation of return — that is, true charity — is a wonderful practice, and I wish we had more of it. I have the greatest admiration and respect for those dedicated persons who, because of love of God and man, devote their lives to helping others. Without those saintly persons among us, this world would be a rather dull and uninspiring place to live — regardless of the amount of material things we might possess.

But it is obvious that only a comparative few of us can devote our entire lives to serving others with no possibility of any material return. If all of us tried it, the production of material goods and services would soon cease completely. Soon there just wouldn't be anything to share with others.

I think that the following question by a little boy to his Sunday school teacher goes straight to the heart of this matter. He asked:

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"If the reason for our being on Earth is to help others, what reason do the others have for being here?" Since the little boy in that story never did get an answer to his question, I'll try to answer it right now.

It's true that we are here to help others. But it's equally true that the others are here to help us, too. It's just that simple; we're here to understand and love our Creator, to respect our fellow men who are all equal under God, and to serve and help each other. In that way, all of us can live in peace with each other and have more of the things we want, whatever they may be.

STOP AND THINK with me for a moment as to what would happen to you — or to me or anyone else — if no one helped us in any way.

I assure you that if no one helped me, my standard of living would soon plummet to near zero. Literally, if other people refused to share their talents and skills with me, I would soon perish. I'm just not capable of being my own doctor, making my own clothing, and growing my own food. Even though I'm an engineer, I still can't generate my own electricity, build my own house, and do the ten-thousand-and-one other things that make life both possible and pleasant.

If for no other reason, self-interest alone would cause me to offer my poor talents in the service of other people in order to persuade them to help me. For example, how would I manage without the service of the hundreds-of-thousands of persons who maintain and operate our railroads and other forms of modern transportation? Why would anyone go to the trouble of building a railroad for me and others to use?

There must be some excellent reason that causes the owners and operators of the railroads to spend all that time and effort to serve us. Is their motivation charity? Do they do it strictly because they love us? No, I think not.

As near as I can figure it, they do it because we've got something they want. And the only way they can get it from us legitimately and honestly is to serve us by offering us something we need and want in return. Actually, their primary motivation is profit. After the trade, they hope to have more of what they want than they had before the trade.

And the persons with whom they do the trading also operate on exactly the same basis. The most wonderful thing about this mutual service that is motivated by self-interest is that everyone profits from it.

Since ours is a money economy,

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we usually exchange currency instead of the actual products of our talents and skills. But what those railroad men *really* want are goods and services produced by others.

They want medical care from the doctors who ride in comfort in their safe and speedy trains. They want food from the farmers and grocers who patronize them. From the shoemakers, they want shoes. From the movie kings and queens, they want entertainment. From the barbers, they want haircuts. And so on through the thousands of other goods and services the railroad owners and employees want and need.

From the hundreds-of-thousands of owners and employees of United States Steel, they want steel to make rails and locomotives. In practice, of course, we don't actually exchange steel for train rides; we find it more convenient to use money that can be converted easily into the desired goods and services.

BECAUSE of this self-interest or profit motive, the railroad owners and operators are constantly striving to serve you and me better. They know that if you and I don't like their service, then we won't serve them in turn by offering to trade the products of our own specialized talents and skills.

As long as coercion and violence are forbidden and suppressed by government — as long as peaceful competition is permitted and encouraged — then the profit motive of self-interest will cause us to devote much time and effort to devising ways and means to serve our fellow men.

Again, I don't mean to imply that the owners and employees of the railroads aren't charitable. Of course they are. Like the rest of us, they also contribute their full share to those unfortunate persons among us who can't produce enough to buy the necessities they need. But the charitable part of their service is probably only a tiny fraction of their total services. Of necessity, the owners and employees of the railroads mostly serve persons whom they expect to serve them in turn.

That attitude and motivation is good, not bad. It is the motivation that causes the production of the greatest amount of products and services for the greatest number of people. It is the basis of our democratic way of life, and it is in perfect harmony with our Judeo-Christian religion.

Unfortunately, there are many sincere persons among us who seem to think that there's something immoral about making a profit. Whether those misguided persons know it or not, they are

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thereby discouraging the production of food and shelter for the poorest people who need them most.

That startling fact can be seen most clearly and dramatically by comparing the development of nations where the profit motive is permitted to operate freely, and the development of nations where the profit motive is restricted or entirely illegal. Even without examining them, I am confident you would have no difficulty in guessing which of those nations would show the greatest amount of mutual service, the lowest degree of poverty, and the highest standard of living.

For example, take Venezuela — a country in which our company does considerable business, and which I have visited several times. It is one of the many nations that encourage people to serve each other in the hope of making a profit from their services. The Venezuelan people have something we want, and the American people have something they want. Self-interest causes us to serve each other by exchanging our talents, skills, and resources.

The people of both countries have profited by this exchange. In Venezuela, the result has been a marked rise in education, medical service, roads, housing, food, clothing, and the thousands of other material facilities and services that enable the people to live fuller, better, and longer lives.

Because of this profit-inspired increase in material goods and services in Venezuela, there has also been an increase in the other type of service — that is, charitable service motivated by love of God and man, with no thought of profit. You see, however much you might want to help your needy neighbor, it is rather difficult to do so when you don't have anything yourself. Only the persons who have accumulated something beyond the requirements for their own subsistence are in a position to share with their less fortunate fellow men.

I don't mean to imply that everything is perfect in Venezuela, the United States, or any other nation that uses the profit motive to increase production and service. Since we are dealing with human beings — and since none of us is perfect — we naturally expect to find greedy persons, evil practices, and questionable laws in every nation. But compared to other nations that use various pretexts to suppress the profit motive, our peoples show a superior record in serving each other.

I'm not going to identify by name those other nations that discourage or suppress the profit motive. But I will attempt to identify

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them roughly by two general types, and you can easily do your own selecting.

FIRST THERE ARE the nations that claim to operate on the principle laid down by Karl Marx over a hundred years ago. That principle is: "From each according to his abilities, and to each according to his needs."

I'll admit that there is a principle of service in that idea. But since it runs contrary to human nature, it just doesn't persuade people voluntarily to provide many goods and services for each other.

The high producers soon tire of producing for other people who offer them little or nothing in return for their services. And the low producers who are promised a standard of living based on their needs instead of their efforts, tend to produce even less than they did before. When that happens, the police force must be called in to whip up production all along the line. That is a modern form of slavery, and it is not noted for high production. While it may produce an abundance for the few at the top, it does so at the expense of the great mass of the people.

Next are the nations that admit the validity of the profit motive but strangle its operations by means of private monopolies, government monopolies, and various other forms of restriction against competition at home and abroad.

The vast natural resources and the potential skills of the unfortunate people within those nations generally lie idle. The misguided leaders refuse to permit private capital and a competitive market to develop either the resources or the skills. Apparently they fear that someone might make a profit.

Because of this discrimination against the profit motivation of service, the people are discouraged from producing and exchanging products. As a result, they continue to remain close to a mere subsistence level. The leaders of those backward nations apparently operate on the fallacious idea that if one person makes a profit, then some other person must necessarily suffer a loss.

Sometimes I think that instead of merely continuing to pour gifts into these backward nations, we would serve them better by devoting more of our efforts to showing them how everyone makes a profit when people exchange goods and services with each other. We should explain to them that no person can make a legitimate and honest profit without serving or supplying other people with something they want and need — something they consider to be an im-

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provement over their former conditions.

I BELIEVE that a correct understanding and acceptance of that idea would do far more to feed and clothe the world's people than would all the charity of which we are capable. Further, it would increase the self-respect of people who would no longer be objects of charity. They would become skilled and proud producers, and thereby earn the service of others by serving them in turn.

It is an unquestionable fact that the profit motive here in the United States has caused the greatest outpouring of goods and services the world has ever known. I believe I am safe in stating that, on the average, the poorest one-third of our people have more goods and services at their disposal than do the richest one-third of the people in most of Africa and Asia, in many areas of Europe, and in some sections of the Western Hemisphere. Yet, in spite of that record, many well-educated persons among us still attack the idea of profits and losses in a competitive economy.

Those misinformed and sometimes vicious critics baffle me. On the one hand, they claim that they want more material goods and services for all. Yet on the other hand, they condemn the motivation that has produced — and will continue to produce — the results they claim to desire.

Some of those critics may say that they don't condemn the profit motive as such, but merely the fact that it permits a few persons to become wealthy. Thus, while those persons may oppose discrimination on the basis of race and creed, they consider it right and desirable to discriminate on the economic basis of wealth.

Apparently, those critics of wealth fail to realize that if profits are permitted, it naturally follows that some people will become wealthier than others. Actually, in a free market, the persons who become wealthy are those who serve their fellow men most efficiently by producing the goods and services the people most want. Thus when a person condemns wealth, he is merely using different words to condemn the profit motivation that causes the production of the maximum amount of goods and services for the greatest number of people.

In the second place, wealthy people don't carry their assets around with them in the form of cash in a shoe box. Nor do they hide it under the mattress. Instead, their wealth is in the form of factories and machines and other capital equipment that provides jobs and is used to produce

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and distribute the goods and services we have in such abundance.

WHEN I READ some of the schemes for "sharing the wealth," I am frequently curious as to how the authors would divide up a blast furnace among the poor people they profess to champion. I dislike questioning the motives of anyone, but I sometimes suspect that what those persons are really after is control of the wealth for themselves and their own particular groups.

I am well aware that a few wealthy persons have proved to be poor stewards of the resources in their care. But even so, I suspect that punitive laws against them would do a great deal of harm and little or no good.

There is a tried and true economic law that will soon dispose of the few misfits among us who have managed to earn or inherit great wealth. That economic principle has been summarized in this Americanism: "A fool and his money are soon parted." If we attempt to hurry up the process by greasing the slide for those on the way down, we thereby injure the general welfare of all by discouraging those on the way up.

Anyway, we must acknowledge the fact that these few selfish misfits have come by their wealth legally. It's their money, and I'm always reluctant to decree how other people should live and spend their legally acquired resources.

Also, in a free country such as ours, laws aren't designed to apply to specific individuals but to all of us equally. If we attempt to legislate against the particular man who squanders his wealth on riotous living and idle and nonproductive pleasures, we also automatically legislate against the overwhelming majority of the persons who use their wealth wisely for the benefit of all.

Personally, I can see nothing wrong or evil about self-interest and serving others because you have to have them serve you in turn. Like anything else, the profit motive and the resulting accumulation of wealth can also be used for evil purposes by evil people. But by and large, the motivation of profit is primarily responsible for the vast amount of mutual service we find among us today. It is responsible for the constantly increasing standard of living in our country and the world in general. It is a moral method of encouraging all of us to serve each other better and effectively.

From an address before the National Conference of Christians and Jews at Los Angeles, April 26, 1956.

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Tidings from the Lord

Leonard E. Read

IMAGINE a stairway with an infinite number of steps. Next, imagine such a stairway for every subject known and unknown to man — an infinity of stairways.

With these infinities in mind, I contemplate my own several stairways of knowledge, particularly the one that is my favorite — the understanding of liberty.

I assess my position on this stairway, the one which more than any other I wish to ascend. The exact step, following 25 years of effort, appears impossible to designate but, realistically, it isn't far up — shall we say not more than a dozen steps from the bottom. Looking above, I observe quite a few persons, but below me I see untold millions. It seems to me that most of them have failed to take even the initial step.

Two influences try to overwhelm me, each with some success. The first encourages an exaltation by reason of the "advanced" position in which I find myself. The second urges an intolerance toward those many millions and an almost irrepressible desire to set them straight once and for all. Unchecked, these influences would make a reformer of me.

But something does check them. Now, anyone who believes as I do that the Creator is the Source of Truth believes that we can sometimes glimpse fragments of Truth in the form of ideas. No one can be certain that his ideas are in fact Truth. The nearest approach to certainty is an idea which we believe right. And the nearest approach to right is that which we believe the Source of Truth would commend. Therefore, I must expect the Creator to commend those ideas which I believe to be right. With this in mind, the ideas would be about as follows:

"I have tidings for you. Your actions more often respond to primordial instincts than to dictates of human reason. For one thing, every single person among all of those millions has climbed further up *some* stairway than you. Indeed, many of them have climbed far up numerous stairways that you do not know exist.

"Know this, too. I did not assign you the task of setting these folks straight. I have reserved

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that task for my own management. Those millions must account to me, not to you.

"You were given the assignment of perfecting yourself. The opportunities are without limit, so this is a larger chore than you can ever complete. If you wastefully exhort and cajole those folks you think below you, you won't have time to make yourself a worthy example.

"Turn your thoughts upward, not downward. See if you can take your next step up the stairway of your chosen understanding. No doubt you will find this difficult, for you have foolishly used these millions as the standard by which to judge your own perfection. Thus you have gained the false impression that you have arrived. Take the next step and you will see what I mean. You will discover many more persons above you than you can see from the step where you now stand. They possess ideas which you do not now understand and are therefore outside your ken. And, you will be surprised. As your ability to see improves, you will note that some of these new-found persons are among the millions you had thought below you. Regardless of how many steps you take, you will always find that others know more of some things than you do.

"A few more thoughts about the ones you think of as being below you. Stand ever ready to communicate, to announce, what you discover as you advance. You will not rise higher if you take the approach of 'setting them straight.' Nor will you rise higher if you become incommunicado. As you cannot give without receiving, neither can you receive without giving.

"You have no way of aiding mankind to climb except by the power of attracting others to you. I have given you this sole means of helping others to understand. If you would increase your powers of making your life attractive, attend to your next step. If you help others by finding new truths, then they also will rise higher and the problems of humanity which so much concern you will to that extent decrease.

"In any event, aside from your powers of attraction, leave these others and their understanding to me and to them. Instead of 'setting them straight,' help me by moving yourself in the direction of Infinite Intelligence and Consciousness. If you would improve others, you can take only this course. I have not given you the power to cast others in *your* image. Attending to your next step is *your* means of reflecting yourself in *my* image.

"Do not be discouraged by this discovery that you are limited.

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Rather, be encouraged that you have freed yourself of your ignorance of your limitations. The way of intolerance, the way of trying to make others over to suit your own fancy, indeed, the way you are going, not only will fail to improve others—it will destroy you. My way will bear fruit — as much fruit as you possess the capacity to improve yourself. Can you with any logic ask for a faster way? Would you want others endowed with powers to make you over faster than you can improve yourself? I have opened the way of improving man's self to all. I have made each person free to choose whether or not he will take this way."

Reprinted from *Faith and Freedom*, October, 1955.

NOBODY has the right to call himself well disposed towards society until he has grasped the elementary fact that the only way to improve society is to improve oneself.

NORMAN DOUGLAS, *South Wind*

THEY [the hypersocial-minded] are so determinedly selfish in their unselfishness. Ideas, particularly ideas designed for the improvement of others, so quickly become inflated. How antagonistic even educators become over professional differences as to how the ignorant should be rendered less so! Note the bitterness between rival reform groups. Let us not forget that human beings have killed one another in the mass even on the authority of their religions. Note how political leaders fall out, quarrel, conspire, injure one another in their unselfish efforts to save the country. In the absence of sophistication and modesty, reform notions grow into delusions; their advocates become more and more autocratic; leadership becomes pathological; the desire to help one's fellow men is transformed into fanaticism and tyranny — and societies become authoritarian. . . . They have forgotten, or propose to ignore, the incontrovertible fact that the great works of art, literature, music, philosophy, religion and science — that is, the world's great manifestations of excellence and leadership — were the products of intensely individual persons.

MARTEN TEN HOOR, *Education for Privacy*

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The Humanity of Trade

Frank Chodorov

Far better that men come together for peaceful trade than meet on a battlefield.

WHEREVER two boys swap tops for marbles, that is the market place. The simple barter is in terms of human happiness no different from a trade transaction involving banking operations, insurance, ships, railroads, wholesale and retail establishments; for in any case the effect and purpose of trade is to make up a lack of satisfactions. The boy with a pocketful of marbles is handicapped in the enjoyment of life by his lack of tops, while the other is similarly discomfited by his need for marbles; both have a better time of it after the swap, while their respective surpluses before the swap are nuisances. In like manner, the Detroit worker who has helped to pile up a heap of automobiles in the warehouse is none the better off for his efforts until the product has been shipped to Brazil in exchange for his morning cup of coffee. Trade is nothing but the release of what one has in abundance in order to obtain some other thing he wants. It is as pertinent for the buyer to say "thank you" as for the seller.

The market place is not necessarily a specific site, although every trade must take place somewhere. It is more exactly a system of channeling goods or services from one worker to another, from fabricator to consumer, from where a superfluity exists to where there is a need. It is a method devised by man in his pursuit of happiness to diffuse satisfactions, and operating only by the human instinct of value. Its function is not only to transfer ownership from one person to another, but also to direct the current of human exertion; for the price-indicator on the chart of the market place registers the desires of people, and the intensity of these desires, so that other people (looking to their own profit) may know how best to employ themselves.

Living without trade may be possible, but it would hardly be living; at best it would be mere existence. Until the market place appears, men are reduced to getting by with what they can find in nature in the way of food and raiment; nothing more. But the

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will to live is not merely a craving for existence; it is rather an urge to reach out in all directions for a fuller enjoyment of life, and it is by trade that this inner drive achieves some measure of fulfillment. The greater the volume and fluidity of market place transactions the higher the wage-level of Society; and, insofar as things and services make for happiness, the higher the wage-level the greater the fund of happiness.

THE IMPORTANCE of the market place to the enjoyment of life is illustrated by a custom recorded by Franz Oppenheimer in *The State*. In ancient times, on days designated as holy, the market place and its approaches were held inviolable even by professional robbers; in fact, stepping out of character, these robbers acted as policemen for the trade routes, seeing to it that merchants and caravans were not molested. Why? Because they had accumulated a superfluity of loot of one kind, more than they could consume, and the easiest way of transmuting it into other satisfactions was through trade. Too much of anything is too much.

The market place serves not only to diffuse the abundances that human specialization makes possible, but it is also a distributor of the munificences of nature. For, in her inscrutable way, nature has spread the raw materials by which humans live over the face of the globe; and unless some way were devised for distributing these raw materials, they would serve no human purpose. Thus, through the conduit of trade the fish of the sea reach the miner's table and fuel from the inland mine or well reaches the boiler of the fishing boat; tropical fruits are made available to northerners, whose iron mines, in the shape of tools, make production easier in the tropics. It is by trade that the far-flung warehouses of nature are made accessible to all the peoples of the world and life on this planet becomes that much more enjoyable.

We think of trade as the barter of tangible things simply because that is obvious. But a correlative of the exchange of things is the exchange of ideas, of the knowledge and cultural accumulations of the parties to the transaction. In fact, embodied in the goods is the intelligence of the producers; the excellent woolens imported from England carry evidence of thought that has been given to the art of weaving, and Japanese silks arouse curiosity as to the ideas that went into their fabrication. We acquire knowledge of people through the goods we get from them. Aside from that cor-

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relative of trade, there is the fact that trading involves human contacts; and when humans meet, either physically or by means of communication, ideas are exchanged. "Visiting" is the oil that lubricates every market place operation.

It was only after Cuba and the Philippines were drawn into our trading orbit that interest in the Spanish language and customs was enlivened, and the interest increased in proportion to the volume of our trade with South America. As a consequence, Americans of the present generation are as familiar with Spanish dancing and music as their forefathers, under the influence of commercial contacts with Europe, were at home with the French minuet and the Viennese waltz. When ships started coming from Japan, they brought with them stories of an interesting people, stories that enriched our literature, broadened our art concepts, and added to our operatic repertoire.

It is not only that trading in itself necessitates some understanding of the customs of the people one trades with, but that the cargoes have a way of arousing curiosity as to their source, and ships laden with goods are followed with others carrying explorers of ideas; the open port is a magnet for the curious. So, the tendency of trade is to break down the narrowness of provincialism, to liquidate the mistrust of ignorance. Society, then, in its most comprehensive sense, includes all who for the improvement of their several circumstances engage in trade with one another; its ideational character tends toward a blend of the heterogeneous cultures of the traders. The market place unifies Society.

THE CONCENTRATION of population determines the character of Society only because contiguity facilitates exchange. But contiguity is a relative matter, depending on the means for making contacts; the neutralization of time and space by mechanical means makes the whole world contiguous. The isolationism that breeds an ingrown culture, and a mistrust of outside cultures, melts away as faster ships, faster trains, and faster planes bring goods and ideas from the great beyond. The perimeter of Society is not fixed by political frontiers but by the radius of its commercial contacts. All people who trade with one another are by that very act brought into community.

The point is emphasized by the strategy of war. The first objective of a general staff is to de-

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stroy the market place mechanisms of the enemy; the destruction of his army is only incidental to that purpose. The army could well enough be left intact if his internal means of communication were destroyed, his ports of entry immobilized, so that specialized production, which depends on trade, could no longer be carried on; the people, reduced to primitive existence, thus lose the will to war and sue for peace. That is the general pattern of all wars. The more highly integrated the economy the stronger will be the nation in war, simply because of its ability to produce an abundance of both military implements and economic goods; on the other hand, if its ability to produce is destroyed, if the flow of goods is interrupted, the more susceptible to defeat it is, because its people, unaccustomed as they are to primitive conditions, are the more easily discouraged. There is no point to the argument as to whether "guns" or "butter" are more important in the prosecution of war.

IT FOLLOWS that any interference with the operation of the market place, however done, is analogous to an act of war. A tariff is such an act. When we are "protected" against Argentine beef, the effect (as intended) is to make beef harder to get, and that is exactly what an invading army would do. Since the duty does not diminish our desire for beef, we are compelled by the diminished supply to put out more labor to satisfy that desire; our range of possibilities is foreshortened, for we are faced with the choice of getting along with less beef or abstaining from the enjoyment of some other good. The absence of a plentitude of meat from the market place lowers the purchasing power of our labor. We are poorer, even as is a nation whose ports have been blockaded.

Moreover, since every buyer is a seller, and vice versa, the prohibition against their beef makes it difficult for Argentineans to buy our automobiles and this expression of our skills is constricted. The effect of a tariff is to drive a potential buyer out of the market place. The argument that "protection" provides jobs is patently fallacious. It is the consumer who gives the worker a job, and the consumer who is prevented from consuming might as well be dead, as far as providing productive employment.

Incidentally, is it jobs we want, or is it beef? Our instinct is to get the most out of life with the least expenditure of labor. We labor only because we want; the opportunity to produce is not a

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boon, it is a necessity. Neither the domestic nor the foreign producer "dumps" anything into our laps. There is a price on everything we want and the price is always the weariness of toil. Whatever causes us to put out more toil to acquire a given amount or kind of satisfactions is undesirable, for it conflicts with our natural urge for a more abundant life. Such is a tariff, an embargo, an import quota or the modern device of raising the price of foreign goods by arbitrarily lowering the value of our money. Any restriction of trade, internal or external, does violence to a man's primordial drive to improve his circumstances.

JUST AS TRADE brings people together, tending to minimize cultural differences, and makes for mutual understanding, so do impediments to trade have the opposite effect. If the customer is always "right," it is easy to assume that there is something wrong with the non-buyer. The faults of those who refuse to do business with us are accentuated not only by our loss but also by the sting of personal affront. Should the boy with the tops refuse to trade with the boy who has marbles, they can no longer play together; and this desocialization can easily stir up an argument over the relative demerits of their dogs or parents. Just so, for all our protestations of good neighborliness, the Argentinean has his doubts about our intentions when we bolt our commercial doors against him; compelled to look elsewhere for more substantial friendship, he is inclined to think less of our national character and culture.

The by-product of trade isolationism is the feeling that the "outsider" is a "different kind" of person, and therefore inferior, with whom social contact is at least undesirable if not dangerous. To what extent this segregation of people by trade restrictions is the cause of war is a moot question, but there can be no doubt that such restrictions are irritants that can give other causes for war more plausibility; it makes no sense to attack a good customer, one who buys as much of our products as he can use and pays his bills regularly. Perhaps the removal of trade restrictions throughout the world would do more for the cause of universal peace than can any political union of peoples separated by trade barriers; indeed, can there be a viable political union while these barriers exist? And, if freedom of trade were the universal practice, would a political union be necessary?

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LET US TEST the claims of "protectionists" with an experiment in logic. If a people prosper by the amount of foreign goods they are not permitted to have, then a complete embargo, rather than a restriction, would do them the most good. Continuing that line of reasoning, would it not be better all around if each community were hermetically sealed off from its neighbor, like Philadelphia from New York? Better still, would not every household have more on its table if it were compelled to live on its own production? Silly as this *reductio ad absurdum* is, it is no sillier than the "protectionist" argument that a nation is enriched by the amount of foreign goods it keeps out of its market, or the "balance of trade" argument that a nation prospers by the excess of its exports over imports.

Yet, if we detach ourselves mentally from entrenched myths, we see that acts of internal isolationism such as described in our syllogism are not infrequent. A notorious instance of this is the French *octroi*, a tax levied on products entering one district from another. Under cover of "quarantine" regulations, Florida and California have mutually excluded citrus fruits grown in the other state. Labor unions are violent advocates of opulence-through-scarcity, as when they restrict, by direct violence or by laws they have had enacted, the importation of materials made outside their jurisdiction. A tax on trucks entering one state from another is of a piece with this line of reasoning. Thus, the "protectionist" theory of fence-building is internalized, and in the light of these facts our *reductio ad absurdum* is not so farfetched. The market place, of course, scoffs at such scarcity-making measures, for it yields no more than it receives; if its offerings are made scarce by trade restrictions, that which remains becomes harder to get, calls for an expenditure of more labor to acquire. The wage-level of Society is lowered.

The myth of "protectionism" rests on the notion that the be-all and end-all of human life is laboring, not consumption — and certainly not leisure. If that were so, then the slaves who built pyramids were most ideally situated; they worked much and received little. Likewise, the Russians chained to "five year plans" have achieved heaven on earth, and so did the workers who, during the depression, were put to moving dirt from one side of the road to the other. Extending this notion that exertion for the sake of exertion is the way to prosperity, then a people would be most pros-

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perous if they all labored on projects with no reference to their individual sense of value. What is euphemistically called "war production" is a case in point; there is in fact no such thing, since the purpose of production is consumption; and it is not on record that any worker built a battleship because he wanted it and proved his craving by willingly giving up anything in exchange for it. Keeping in mind the exaltation of laboring, would not a people be most uplifted if all of them were set to building battleships, nothing else, in return for the necessaries that would enable them to keep building battleships? They certainly would not be unemployed.

Yet, if we base our thinking on the natural urge of the individual to better his circumstances and widen his horizon, operating always under the natural law of parsimony (the most for the least effort), we are compelled to the conclusion that effort which does not add to the abundance of the market place is useless effort. Society thrives on trade simply because trade makes specialization possible, specialization increases output, and increased output reduces the cost in toil for the satisfactions men live by. That being so, the market place is a most humane institution.

Peaceful Cooperation

THE MARKET ECONOMY is a world economy of peaceful cooperation. It perishes when governments deny their citizens the liberty to do whatever they desire, according to their own plan and purpose. It disintegrates into heterogeneous national units when governments, in the name of national necessity and social justice, interfere with the operation of the market economy to bring about national divergencies in market and production structures. When the market economy perishes, both in domestic affairs and in international relations, peace among nations comes to an end. For only in a world without trade barriers and restrictions upon the liberty of man are there no incentives for war and aggression.

HANS F. SENNHOLZ, *How Can Europe Survive*

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Backsliding Liberalism

Donald R. Richberg

A well-known attorney and patriot from Virginia identifies our most dangerous enemies—the foes of our own household.

FOR CENTURIES liberalism has meant a faith in individual liberty—the greatest possible freedom from both private dictation and from regulation by the government. Historic liberals have opposed increased taxing and spending and lawmaking by political rulers because these always restricted the ability of the individual to live his own life.

Yet today, many of those in America who call themselves liberals advocate programs the effect of which is to tax away more and more of everyone's income and to spend more and more billions of dollars regulating the living, working, and thinking of not only all Americans, but all the rest of the world.

Of course, this false liberalism throws a smoke screen of "national defense" in front of its conniving to socialize the industries and government of the United States. There is a serious conflict of opinion as to how and where and when the enemies of our free people are planning to strike and will strike the most effective blows against our liberties.

We can, however, separate the two areas in which the war to overthrow our government and to enslave our people will be waged — indeed, *is* being waged. We can assign to the armed forces only the military defense of the geographical area of the United States. We can assign to ourselves the responsibility for a civilian defense of the American people against their most dangerous enemies. These are the foes of our own household. These are the aggressive American socialists who call themselves liberals, but who have been working for a generation with tragic success to corrupt the minds of the American people, to submerge our love of liberty in a desire for security, to destroy our faith in ourselves as individuals, to destroy our confidence in a free economy, and to transform the limited powers of our free government into the unlimited tyrannical powers of a socialistic state.

This has not been a vast conspiracy in which millions of people have intentionally played a part. Instead of willful subversion

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there has been, on the contrary, a gradual conversion of millions of people, in one minority group after another, to a state paternalism that they believed would relieve them of burdens and problems that seemed too heavy for them to handle by themselves.

TO GAIN a common understanding of what happened, let us glance back over the years between the beginning of the Great Depression in 1929 and the end of the Second World War in 1945. Despite the lavish outpouring of public funds, the spending of higher taxes, and the increased mortgaging of our future, there was no adequate relief of the depression in America until preparations for war, and then war itself, set the government free to raise taxes and borrow money and make expenditures utterly beyond even political justification, except by the magic of those words: "Necessary for national defense and self-preservation." This whole experience might well have provided a great lesson in liberalism if our politicians and our educators had been inclined to teach this lesson. It would have been so easy to point out that we were achieving full employment and prosperity on a temporary inflationary stimulant which could not be wisely established as a permanent policy. But who can convince a man drinking his fourth cocktail that he should quit drinking liquor tonight and cut it out entirely tomorrow?

So when the war ended, millions of people had been unconsciously converted to state socialism. They repeated day after day the stock arguments of socialists: The problems of the modern world are too great for individuals. They can be solved only by collective action. Collective action on a large scale must be government action. It needs the support of government money raising and spending and, above all, it needs the support of government coercion. The citizen will only accept a limited discipline in voluntary organizations; and therefore to subject him to adequate collective action in the modern world he must come under the enforced discipline of government operations. This is, in pleasing, insidious language, the justification of a slave state.

TODAY, the state socialism our backsliding liberals still admire must be given a more acceptable name. So we have now the Welfare State, which in simple language means a half socialist state. This is a project of the character of Fabian socialism. We move gradually down the primrose path, denying all the time that that is what we are doing. We do not take over

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government operation of all public utilities. We simply go into the business of owning and operating public utilities to a sufficiently large extent so as to use their tax free, subsidized service to discredit private operation and to discourage or prevent private expansion.

We do not collectivize our farms or nationalize our industries. We simply make all farmers dependent on the government. We simply regulate and tax all business in great detail and authorize organized labor monopolies to hamper and coerce private enterprise, so that eventually it may be found necessary to "liberate" business altogether from private management.

We do not fix wages for labor, but simply fix a minimum wage as a basis for all wages and then do everything we can politically to aid labor unions to dictate terms of employment to industrial management.

How absurd it is to call this gradual creation of a socialist state the advance of liberalism! It is a fact, boasted by the American boss of the Communist party, that we have moved further along the road to state socialism than even Great Britain did with a socialist government. Yet, a large majority of those who support the socialist program of a welfare state do so in a blissful delusion that they are liberal thinkers. The truth is that they are reactionaries who are selling their liberties for a temporary gain of self-interest, and justifying their folly as humanitarianism.

It is easy to understand how farmers can be induced to vote for a man who promises a government guarantee of a fair price, or how workers can be seduced by government support in raising wages. It is easy to understand how the aged, the sick, the unemployed, or unemployable will vote for government relief of the unfortunate. It is easy to see how government favoritism for many minorities that are distressed, or feel themselves oppressed, will add up to a favoritism for a substantial majority of voters who will in grateful blindness support a paternalistic government.

But the total result of these and similar expansions of government is to weaken the nation's productive energies which rise out of individual self-reliance and initiative. We make more and more millions of voters dependent largely on government favor until eventually, to use an old but solid phrase, we make the ruling class, which is the government, the masters instead of the servants of the people.

No man with an educated intel-

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ligence and a proclaimed intellectual capacity can be excused for telling a people that they can go into debt indefinitely because they owe the money to themselves. No such man can be excused for advising labor unions to raise wages so high as to price their product out of the market. No such man can be excused for criticizing profits as wrongful when they are purely voluntary compensation for the use of private property. No such man can be excused for denying or concealing the fact that the maintenance of rights of private property is essential to the maintenance of liberty. No such man can be excused for deceiving poor people with claims that they do not pay taxes just because they have an income tax exemption. No such man can be excused for defending the fraud of a public social security reserve that provides no reserve and no security.

To sum it all up, no such man can be excused for arguing that a retreat to the historically proven failure of a socialistic state is a liberal advance for a free people.

RECENTLY, walking down a busy street in one of our largest cities, I observed the thousands of free men and women crowding the stores to buy what they wanted to buy. I passed restaurants jammed with people eating the food they chose to eat. I thought of the hundreds of thousands of workers in factories, in shops, and in transportation, earning the highest wages paid in the world and working at jobs for which they were chosen in an actual competition of employers to obtain capable helpers. It suddenly struck me how amazingly free millions of American workers and their families were in cities and on farms throughout the United States. They were freer than workers anywhere else in the world to seek and obtain, in a competitive system, the best employment of which they were capable; and free to improve themselves and demonstrate their capacity for better employment.

Then I thought how shrunken would be the lives and liberties and ambitions of all these people under a socialist dictatorship; how they would be confined by thousands of regulations and dictations of bureaucrats to accept the jobs and the wages, the living and working conditions fixed for them by political judgments and, worst of all, by inevitable political favoritism.

So the thought came to me suddenly and clearly that the overwhelming majority of mature Americans don't want socialism, don't want to be dependent upon the political rulers of government. If there were visible armed forces

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marching against them to subject them to a socialistic tyranny, they would take up arms and fight to the death to preserve their individual liberties and to save themselves from the oppression of an all-powerful government.

BUT THAT is not the way in which the chief enemy of the American people is gradually gathering power to destroy their liberties. True it is that the militant socialists of Russia, the communists, inspire us with fear that they may embark upon the physical conquest of the United States by the gathering of armed forces. But a far greater threat confronts us in the weakening of our resistance to any foreign aggression by the corruption of our thinking by ourselves, by the brainwashing of the American people by continual internal propaganda in favor of the gradual transformation of our government from a protector of individual liberty into the paternalistic ruler of our lives.

Here is where backsliding liberals are doing the greatest harm to the American people. They misdirect public opinion on the recurring issues as to how far the government should go in protecting and promoting the general welfare, and how far such government activities destroy self-reliance and deny fundamental freedoms. Worse than this, they never admit but always deny that they are leading us deeper and deeper into the tyranny of a totalitarian government.

From an address to the Wausau, Wisconsin, Chamber of Commerce, March 1, 1955.

Restrained By Law

DO YOU REALIZE how much your economic freedom is restrained by law? The law regulates prices, hours of labor, wage rates, income which you can retain, inheritance, importation, interest rates, education, gifts, banking, installment selling, railroad rates, prices of farm products, insurance, employment. You must get a permit to enter business, to enter a profession, to establish a bus line. There are export subsidies, domestic subsidies, excise taxes. To enforce the legal interferences with trade, you support an army of agents, lawyers, judges, collectors, inspectors, clerks, arbitrators, conciliators, tax gatherers, and members of innumerable boards and commissions. You are enmeshed in reports, forms, questionnaires, indictments, complaints, laws, regulations, hearings, conferences, and court trials. These interventions are worse than useless; they reduce output, obstruct trade, paralyze enterprise.

JOHN W. SCOVILLE, *Labor Monopolies — or Freedom.* New York: Committee for Constitutional Government

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To Find the Way Out

Hanford Henderson

SEED TIME and harvest have followed in their appointed season, and Mother Earth has been as steady going as any conservative could wish. She has been a good neighbor. In the country we count it neighborly to mind your own business and to lend a hand when it is asked for. Mother Earth, for some quite unknown reason, sends weeds and boll weevil and some other pests, requiring the police power of suppression; but she never plays the sorry trick of sending you crops that you have not asked for and do not want. She is not in the least paternalistic, and not only allows but requires that you shall choose your own crops.

These homely facts are not at all novel, but they seem worth reciting because they bear such eloquent and unimpeachable testimony to the fact that whatever else it may be, the present world trouble is fundamentally man-made, and as such is both curable and preventable. If, then, we can discover the way into the trouble, we shall surely be able to find the way out.

The whole cause of the present world trouble is the growing tendency to substitute mass action, directed from without, for wholesome individual action, necessarily directed from within. The way out of the trouble is the rehabilitation of individual effort, and the minimizing of mass action. That, it seems to me, is the whole matter in a nutshell.

The world is full of problems, but most of them are man-made, and essentially unimportant. They do not belong to the eternal verities; many of them are petty side issues and not even en route to the great achievement. There is only one major problem in the whole world, and that is the salvation of the individual soul.

Our own personal problem is quite the same as that of every other sane, red-blooded, earnest man or woman in the whole wide world. It is to make ourselves as big and fine and useful and human as we possibly can and, were we so fortunate as to have well-born sons and daughters, to help them to be bigger and finer and more useful and more human than

Mr. Henderson (1861-1941), teacher and lecturer, also wrote a number of books on education and morals.

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we are. It is a much less spectacular job than the artificial problems of government, dynasty, empire, ecclesiasticism, trade unionism, socialism, communism, commercial supremacy, dictatorship, and all the other aggressive mass movements; but it is the one real and important problem whose solution will bring peace and tranquility and worth to a world now very much distraught.

I am surrounded by a multitude of men and women pathetically eager to save the world, but strangely unwilling to submit to the austere self-discipline of saving themselves. They forget that a fountain cannot rise above its source.

As soon as you begin to organize men into masses, and to treat them as masses, with motive and compulsion applied from the outside, you are letting yourself in for any amount of very grave trouble. The social machinery looms larger than the purpose for which it was created. The one supreme purpose — individual human advancement — is quite ignored, and man loses his quality and distinction. Many years ago, Emerson remarked that "men are so prone to mistake the means for the end that even natural history has its pedants who mistake classification for knowledge." That, in our opinion, is precisely what has happened to the sorely-troubled world of today. It has fastened its attention upon the machinery of life, has ignored the one supreme human purpose for which all machinery exists, and now, in the resulting chaos, is amazed to find that the machinery fails to function.

LET US BE STILL MORE specific and say that the supreme purpose in any rational life is the unfolding and perfecting of the human spirit. That purpose is the basis and goal of all true government, true religion, true education, true science, true art. Everything that furthers this supreme purpose is progress; everything that retards or defeats it is unqualified disaster. And the one method by which this human distinction may be gained is disinterestedness, a love of excellence quite without regard to the loaves and fishes. This quality cannot be manifested by any group, however large and vociferous, unless it is first achieved by the component units. It is an individual virtue, the fruit of individual effort, and may not be evoked by the pressure of either statute or arms.

In the orgy of blood and violence through which Europe has been passing, and through which certain unhappy portions are still passing, it may safely be said that

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the perfecting of the human spirit was and is the very last thing considered. The oldest and richest empires in Europe are starving and bankrupt. They cry despairingly for outside help. But no League of Nations, no special form of government, no social theory, no nationalistic frenzy, no eleemosynary enterprise on our part, can bring prosperity out of such deep, fundamental chaos. We can help these stricken people temporarily, by tiding them over to the next harvest; but it is a mistaken philanthropy to do this twice, for no permanent remedy can come from the outside. It must come from within, and must take the form of that spiritual redemption which results from wholesome, unimpeded self-activity.

No man can save another man. Neither can the State save a man; nor the Church; nor social theory; nor labor organization; nor vocational bloc; nor charity society. Every man must save his own soul; if necessary with fear and trembling, but at any rate through his own work. It is an austere business, but that is precisely the task asked of us all — the redemption of individual human souls through individual effort, and the consequent inescapable redemption of society.

The present world disaster is the direct and inevitable result of excessive and malevolent mass action. An individual sometimes runs amuck, but the number is never great enough at any one time to constitute a social menace; and it is the primal though too much neglected duty of the State to see that he does not do it a second time. But a single ruler, or a group of men, or even a small clique in an otherwise respectable group, if given the power of compelling mass action, can make a whole nation run amuck and can create the havoc of a world war. Obsessed by the idea that force is a legitimate means, and that world dominion is a legitimate end, mass action is capable of unparalleled evil.

It requires no intricate analysis of our profound world trouble to discover the way in. It is by the tyranny of mass action, the imposing of an alien will upon others. The way out of the trouble is a simple reversal of the way in. It is to cut down just so far as possible, to cut to the very bone, all mass action involving compulsion; that is, to minimize to the utmost the function of the State, and in every legitimate way to encourage and stimulate all wholesome, self-directed individual effort.

We ask of the State and Society only one thing — a fair field and

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no favors. This does not mean the raw anarchism of the tramp and hoodlum, for such anarchism would have no government whatever; but it does unequivocally mean a strict limiting of the functions of government, a strict cutting out of all paternalistic activities, and the unfaltering insistence that government shall really perform its basic and fundamental duty, the protection of the individual citizen from violence and interference.

It is our own mature, leisurely conviction that that form of government is most truly American, is most truly the best, which most completely protects its citizens from violence and injustice of every sort, both at home and abroad, while taking the least possible part in their daily individual lives and imposing the smallest burden of taxation consistent with such protection. It is a man's own job to feed himself, to amuse himself, to look after his own family —in the end, to save his own soul. When the State attempts these tasks, it not only does them very badly and expensively, but it does them by neglecting its own proper job. Worst of all, the paternalistic State robs the individual of that character and self-development which would have been his as the result of sturdy, manly self-activity. It is a great moral disservice to do for either children or adults the things that they ought self-reliantly to do for themselves. In both cases the result is weakness.

The revolutionary doctrine that by creating through force a certain form of paternalistic government and a given type of society you can act effectively upon the individual, and in the end produce quite admirable persons, finds no support either in theory or practice. It ignores the fundamental fact that education is essentially an inner process, an affair of the spirit. All our social experience goes to prove that in family life, in school, in church, in the world generally, even in our reformatories and penal institutions, there is but one redemptive agent, and that is genuine self-activity.

We all know the vital difference between those two verbs, to teach and to learn. You may teach away until you are really quite blue in the face, and little good come of it. But once let a boy want to know, and he will learn faster than the most clever master can teach him. The State that substitutes State-directed activity for self-directed activity is a wretchedly poor schoolmaster, and can produce nothing admirable either in the way of individual character or collective achievement. Excellence is not evoked in any such fashion.

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The great war bears tragic witness to the complete failure of mass action. It is quite futile to urge that it was not mass action itself, but the abuse of mass action that got us into our present grave trouble. For as a matter of fact mass action always shows this marked tendency to abuse — through the imposition of your will upon mine, or of mine upon yours — and the childish argument that the imposition was for the supposed good of the victim does not at all save the case.

WE DO NOT know of any human institution to which power may safely be entrusted. We delegate a certain protective authority to the State, but as we love liberty we surround every such delegation with urgent safeguards. Even such ideal institutions as the Church and the School and the Family have shown an astonishing capacity for tyranny, and it has been necessary to curtail their power by strict laws. On all sides experience shows the exercise of power leading in the end to the abuse of power. And not only is this abuse a matter of world-wide and all-time experience, but it seems to us unavoidable; for there are few forms of mass action which can go very far without grossly violating individual rights. "The greatest good of the greatest number" is not a moral argument, and in the end realizes the greatest good of nobody. To be morally sound and acceptable, the action must be right from beginning to end, and that includes both the goal and the method.

There is such abundant good in our daily lives, and such bubbling happiness, especially for those of us who live in the country, that most of us suffer the minor injustices of the hour without too noisy grumbling. The trouble is that these injustices tend to grow in both number and dimension, and to engender a certain callousness to injustice which robs us of spiritual insight and healthy-mindedness. The tragedy of perverted mass action is not alone the material violence, but even more the spiritual confusion which leads to crooked thinking. Many of these encroachments upon personal liberty are undoubtedly well meant, but the demoralizing effect is just as reprehensible as if they were badly meant. And it may never be safely forgotten that these insidious encroachments facilitate additional encroachments.

There is but one defensible social ideal, and that is a world in which every individual is free to work out the inner impulses of the Spirit, without aggression on his part or interference on the part of others. A State which ac-

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complished this simple, primal duty, the protection of all its citizens, would accomplish something greater than has yet been historically recorded, and something which no State, preoccupied with illegitimate and paternalistic activities, is ever likely to accomplish.

But one must not confuse mass action with cooperation, for the two have nothing in common. Cooperation is not mass action; it is confederated individual action in which the impulse is voluntary and the direction is from within. Mass action, on the contrary, is a group activity in which the compulsion and purpose are imposed from without. Its agents are not free and their activity is not moral. Many publicists have confounded mass action and cooperation. Impressed by the immense value of cooperation, and failing to see its inner and spiritual nature, they have sought through legislation to make it compulsory. But in such an enterprise, failure is inevitable. To be cooperation at all, it must be voluntary. Apply legal compulsion to cooperation, and the thing ceases to be; it becomes mere mass action, always inefficient, always materialistic, always tending to grave abuse.

However much you may want to, you cannot save society en masse. Salvation, as we can hardly repeat too often, is strictly an individual adventure. The one way to save society is to save individual men and women. When they are sound and forceful and enlightened, the society which they collectively form will inevitably be of the right sort.

Condensed from an article, "Hands Off" in *The North American Review*, December 1924.

Self-Government

I COULD NOT OMIT to urge on every man to remember that self-government politically can only be successful if it is accompanied by self-government personally; that there must be government somewhere; and that, if indeed the people are to be the sovereigns, they must exercise their sovereignty over themselves individually, as well as over themselves in the aggregate—regulating their own lives, resisting their own temptations, subduing their own passions, and voluntarily imposing upon themselves some measure of that restraint and discipline which, under other systems, is supplied from armories of arbitrary power.

ROBERT C. WINTHROP, American Statesman (1809-1894)

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Economic Ends and Means

"It is common to see good intentions, if they are carried out without moderation, push man into very vicious results."
—MONTAIGNE

IN the current debate over federal farm policy, those who express concern at the government's mountainous holdings of surplus agricultural products are accused of lacking sympathy with the plight of the farmer. When the full-employment bill was under consideration, its opponents were charged with desiring a "pool" of unemployed so that plenty of labor would be available at low wages. Similar accusations are heard in connection with housing, Social Security, "public" power, and many other politico-economic questions. Whenever it is proposed to exert governmental authority for the supposed economic benefit of one group or another, those who question the wisdom of such action tend to be branded as selfish, callous, and indifferent to the welfare of the beneficiary group.

Intentions and Results

Charges of this kind illustrate the tactical disadvantage suffered by those who look at economic issues from various angles instead of from only one. The forms of political intervention in economic life that add up to the "welfare state" — or, if carried to their logical extreme, to outright socialism — are directed at ends which may appear, and sometimes are, desirable in themselves. No one could quarrel with such objectives as continuous full employment, fair prices, adequate housing, and cheap power, if these ends could be defined clearly, attained successfully, and considered apart from the means by which they are sought. Those who oppose measures aimed at ends which are desirable *prima facie* have the burden of proof thrust upon them, a burden that is the more difficult to sustain because the objections, however grave, are usually less obvious than the ends themselves.

This seems to be why the world-wide drift toward authoritarianism and inflation is so difficult to combat. Authoritarianism and inflation are not conscious ends but means, or rather secondary results of means. The vast majority of people have no desire to live in political strait jackets or to see their currencies debased. They desire freedom and sound money. But they also desire the "social

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programs" upon which all modern governments have embarked, and in aiming at one set of goals they are unintentionally moving toward the other. The movement could be stopped in its tracks if the people could grasp the full political and economic implications of the words Montaigne wrote almost four hundred years ago: "It is common to see good intentions, if they are carried out without moderation, push men into very vicious results." To most people, it appears, the "vicious results" are thus far less visible than the "good intentions." As long as governments and popular majorities wear these economic blinders, as long as they have eyes only for the ends aimed at and not for the secondary results that actually follow, the gradual loss of both freedom and true security seems likely to continue.

The truth of Montaigne's words, as applied to current affairs, rests upon a few easily observable facts. One is that every economic objective involves the sacrifice of one or more other possible objectives. Another and more important one is that every means adopted toward the desired end becomes the cause of many undesired results. Hence it is impossible to aim successfully at one end alone. Intelligent consideration of a concrete proposal must start not with the end but with the means, and it must include as many as possible of the ends which that means will tend to produce. It is not enough to ask whether the objective aimed at is desirable and whether the proposed means will attain that objective. It is necessary to inquire also whether the conscious objective is more important than those which must be sacrificed for it and whether it is important enough to justify the many undesired and perhaps undesirable results that will be entailed.

The Farm Program

The record abounds in illustrations of means that have been directed at certain ends and have produced quite different ones. For example, in the effort to insure "fair" prices for farm products, the United States government offered nonrecourse "loans" on so-called basic commodities at 90 per cent of parity, and on some other farm commodities at varying rates. To prevent overproduction, farmers were required to accept acreage restrictions and, under some conditions, marketing quotas in order to qualify for the loans.

The unintended result was that production of the price-fixed crops continued to increase despite the restrictions. It became worthwhile for farmers to cultivate land

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more intensively and increase yields per acre. Land withdrawn from price-fixed crops was used for others, and these in turn were overproduced. Prices fixed at levels above those prevailing abroad destroyed foreign markets for American farm products. Consumers at home were forced to pay artificially high prices for their foods and fibers, and domestic consumption was discouraged. Farm products from abroad were attracted here by the high prices. The development of competing commodities was stimulated. Even though the government gave away vast quantities of farm products, its holdings continued to grow until, in President Eisenhower's words, "farmers, the intended beneficiaries of the support program, today find themselves in ever-growing danger from the mounting accumulations. Were it not for the government's bulging stocks farmers would be getting far more for their products today."

Housing and Labor

To protect tenants against high housing costs, governments have established rent controls. The unintended result is that new building and even normal maintenance have been discouraged, housing shortages have persisted, people have been forced to live in antiquated structures and, in some countries, comfortable living quarters have become almost unobtainable at any price.

To improve housing standards, the United States government has provided subsidies in the form of public housing projects and loan guarantees. The unintended result is that the construction industry has been overloaded. Building costs have risen to unprecedented heights. Housing intended for middle- and low-income families has been placed beyond the financial reach of such families. Consumers' incomes have been diverted from other avenues of expenditures into housing. "Windfall" profits of builders have given rise to public scandals.

To improve wage-earners' standards of living, the government has enacted minimum-wage laws and encouraged large-scale unionization of workers. As a result, marginal workers have been rendered unemployable. Costs of production have been rigidified and employers virtually forced to economize by abolishing jobs instead of reducing wage rates in slack periods. The strike has been used increasingly as a weapon against the general public and even against the government, rather than against the employer. Major strikes have, in fact, assumed the proportions of national emergen-

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cies, forcing the government into the position of virtual arbitrator between the contracting parties. The wage demands of powerful unions, by pushing prices and costs of living sharply upward, have become perhaps the most potent instrument of inflation in our economy. Meanwhile, the general level of real wages has continued to rise with productivity, as it always has done, irrespective of legislation and unionization.

"Welfare" and "Security"

In the endeavor to protect people against the hazards of unemployment, old age, sickness, and other personal misfortunes, governments all over the world have assumed the responsibility of maintaining high levels of business activity and of providing financial aid to individuals under certain conditions. The means by which these ends are sought are of three principal types: (1) direct control of various phases of economic life, such as prices, wages, hours of labor, and the like; (2) manipulation of the money supply and interest rates by central banks and governments; (3) direct outlays of public funds, either taxed or borrowed, not for the purposes of government but to provide "welfare" and "security" to individuals, as these terms are understood by governmental legislators and officials.

Both the intended and the unintended results vary with the degrees and types of control adopted and the economic positions of countries. Some nations still have serious unemployment problems. In most countries a condition of virtually full employment seems to exist at present, and in some an unmistakable boom is under way, with serious inflationary pressure. Such extraneous factors as wars, revolutions, armament programs, and American aid have played their parts in bringing about these conditions, in some countries more than others, so that generalizations are difficult. On the whole, the situation tends to strengthen rather than allay doubt as to whether governments can meet the "full-employment commitment" over an extended period.

As for the unintended results, two are beyond question: the suppression of economic freedom and the bias toward inflation. In some countries, freedom of enterprise and freedom of contract have all but disappeared. Almost everywhere, bureaucratic controls over the people's economic lives have been widened and strengthened. There has been constant upward pressure on wages and prices. Persons dependent upon fixed in-

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comes have been impoverished. Tax burdens have become heavier and governmental budgets more difficult to balance. Costs of production have been forced upward. The internal and external purchasing powers of currencies have drifted apart. International payments have been thrown out of equilibrium. To restore balance, governments have shackled foreign trade and foreign exchange with restrictions that have resisted all efforts to free them. Hope for currency convertibility has waned. Recurrent rumors of impending devaluation sweep across the world. Beneath the "pegged" exchange rates and the other regulated values is an all-pervading instability that makes a mockery of all devices for economic security.

The moral effects are less tangible but perhaps no less important. Under the influence of compulsory redistribution of wealth and income by state action, respect for the individual property rights that lie at the foundation of free institutions has weakened. Many independent, self-reliant citizens have found the lure of "something for nothing" too strong and have degenerated into pressure groups fighting for what they have been taught to regard as their share of the taxpayers' money.

The Final Outcome

The evils, contradictions, and absurdities of the "welfare state" are, in the final analysis, the results of narrow and superficial economic thinking—thinking that concerns itself with a single, seemingly desirable end and not with the innumerable effects that flow from the means adopted toward that end. The proper aim of economic life is an over-all aim: the use of limited human and material resources in such a way as to serve most effectively the needs and desires of all the people. This aim tends to be achieved automatically in a regime of free markets where the people's needs and desires can express themselves in price offers to which producers are forced by economic necessity to conform. When political authority, even with the best of intentions, interferes with this self-regulating flow of goods and services, it sets up chains of cause and effect which it can neither foresee nor control except by constantly widening its authority. The final outcome is a regimented society from which all objective and valid guides to human effort have vanished, along with human freedom.

From *The Guaranty Survey*, March 1956, Albert C. Wilcox, Editor.

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Government Lending

Persons tempted to seek government credit might be interested in this "other side" of the story of government lending activities.

GOVERNMENT lending is not limited to the lending of money. The government's guarantee, when it is held by private people, is no less a pledge of the public credit than is the government's direct loan paid out in cash; each is the undertaking to risk the government's funds in a venture managed by private parties.

In the sense that each borrower undertakes to repay out of the revenues produced by his work, all government lending is lending to finance enterprise. Where there is no enterprise, there is no prospect of repayment. In this broad sense, where enterprises and enterprisers are discussed in these general comments, the terms are used to apply to farmers and working people as well as to businessmen, partnerships, and corporations.

The theory of government lending is that it produces economic activity which otherwise would not occur. This means that if the government offers to pay the bills, now or later, homes will be built, factories will be constructed and outfitted, minerals will be mined, crops will be grown, electric power and telephone lines will be erected, goods will be exported for sale abroad, employment opportunities will be created, and many other business transactions will be undertaken, even if in each case it would have been unattractive or financially impossible for the people concerned to undertake the transaction unassisted.

Thus, by having the use of the government's financial resources, through a loan or a guarantee, a man can become the owner of a home without first having earned and saved enough money to make a substantial down-payment. A manufacturer, producer, or distributor can expand his facilities and his output without first having accumulated enough property to collateralize a bank loan. A rural cooperative group can sponsor the extension of power and telephone lines into sparsely populated areas without first having acquired enough wealth to make the initial investment and to pay the premium costs of a marginal operation. An exporter can ship his goods for sale abroad in the face of substantial uncertainty concerning profits and collections. An employer can meet payrolls even

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though his resources may be temporarily frozen in overstocked supply bins and warehouses or in over-expanded customer charge accounts. And many businesses are afforded the opportunity to recover from disaster or from the mistakes of faulty management which, but for the government's assistance, would have brought the threat of business failure and bankruptcy. . . .

THESE ARE the aims and the direct results of government lending, and they are represented to be its benefits. What are the indirect results and what, if any, are the drawbacks?

By legal restrictions and other requirements of trusteeship, private lenders are sometimes restrained from making a loan simply because the borrower's need is too great or because it extends over too long a term.

When the government lends to fill this so-called credit gap, or when through its guarantee it induces private lenders to do so, it takes a considerable share in responsibility for initiating the borrower's project, or for sponsoring its continued operation, more or less in the form in which the borrower conceived it. By doing so, the government relieves both the borrower and the private lender of responsibility for finding additional private investors, for reorganizing the project in other ways, or for working it out by other private means. Among other things, in a particular case, this may tend to stifle initiative.

The need for funds in large amounts or for long periods of time more often than not is the need for owner's capital, and it is unsound economically to try to meet this need by supplying lender's capital instead. Owners are free to tie up their funds for long periods. They also may take risks which lenders may not take. Where the government undertakes to lend what should be owner-capital, or where a banker does so in response to the government's urging, they shift the business risk from owner to lender and the effect is to lower the standards of lending.

The hazard which goes along with lowering the standards of lending is the hazard that an owner will lose his property by inability to repay the loan with interest, and the lender will become the owner in his place.

The risks of ownership are inseparably woven into the concept of private property. When an owner is relieved of his normal risks other than by his own effort and industry, he is beholden to those who assume the risks in his place. This increases the likelihood that

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he also will be relieved of the other attributes of property ownership — the right, for example, to decide how, when, where, and by whom the property shall be used. In the end he is likely to be relieved of the property as well. When these things occur where the government provides the financing, the private property becomes public property instead and the government has the right to decide how, where, when, and by whom the property shall be used.

Responsibility follows risk. When an owner's risk in an enterprise has been minimized or eliminated because the government has supplied the funds which he otherwise would have to supply, then, speaking comparatively, the owner tends to feel no great pain from the failure of the enterprise. He would stand to gain by its success, of course, and so he would tend to work for its success; but his position is an unbalanced one because he will not try desperately to prevent its failure. . . .

PRIVATE LENDERS are sometimes restrained from making a loan because the borrower's collateral is not sufficiently marketable or because there is not enough of it and accordingly the risk of loss is too great.

When the government lends to fill this credit gap, or when through its guarantee it induces a private lender to do so, it takes the risk of tying up its funds beyond the time agreed upon; or it takes more than the normal risk of losing them in whole or in part. It may take both. Also, it takes the responsibility which goes along with the decision to initiate or prolong what certainly is a marginal enterprise and what may well be an uneconomic enterprise.

Here the government not only shifts the business risk from owner to lender, but also it weakens the nation's economic structure by preventing the failure or other elimination of weak links in the chain.

We may not like to acknowledge it, but it is an essential truth that many in our society, though they may honestly wish to try, are not capable of being successful businessmen, successful farmers, or even successful homeowners. The failures of such people may be personal misfortunes, but there seems little justification for assessing the taxpayers to cover their losses.

The effect of government lending in these circumstances is not only to lower the standards of lending but to encourage mistaken enterprise with its accompanying dissatisfactions and frustrations.

Private lenders are sometimes restrained from supplying funds to a particular borrower because,

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though the risks are not too great, equally good investments are more conveniently available, or more profitable investments can be made at a lesser risk.

Where the government lends to fill such a credit gap as this, it is assisting unsuccessful competitors. The risks are the normal risks of conventional lending. But in addition, the government assumes responsibility for launching the projects which the borrowers could not launch through their own contacts in the private economy; and it does so without curing the defects which stood in the way.

When loans are made to business enterprises under these circumstances, the borrowers and their business associates are assisted in their competition with others who do not have the backing of the government. This raises in each case the question of whether the general public gains more benefit from helping the otherwise unfortunate loan applicant than it loses by hindering his otherwise more fortunate competitor. It is not possible for the government to assist one competitor without placing handicaps in the path of another.

When a private lender advances funds to a private borrower, both have a stake in the borrower's enterprise. The lender will see to it that the borrower has a sufficient investment to assure his wholehearted effort for success of the undertaking; and once the lender has invested, he may generally be counted on to support the enterprise in every way that he can. Both stand to gain by its success. Lenders looking out for their own best interests can be, have been, and should continue to be a constructive force in the sound development of homes, communities, and businesses in the United States.

SOMETHING LESS than this occurs when the government makes direct loans. The government will not fail and go out of existence because its loans go bad. It will not even be seriously inconvenienced, and its officials are less likely to be criticized for having made a bad loan than they are for having rejected a borrower's application. The government's interest in success of the borrower's enterprise is a remote, impersonal, statistical sort of an interest, almost totally dissociated from its interest as a lender.

A private lender's interest in a borrower's enterprise tends to be equally remote and impersonal when the lender holds the government's guarantee. This has been amply demonstrated of late by the Senate's inquiry into the "Federal

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Housing Administration scandal." The private lender's investment here is not a stake in an enterprise. It may appear to be one, but it actually is an investment in governmental debt and its financial soundness as an investment is unaffected by the fortunes of the borrower's enterprise.

Irresponsible undertakings occur in these circumstances, and they are directly the result of the circumstances. Government lending tends to increase the incidence of irresponsibility in the undertaking of business transactions, including the undertaking to own a home.

WHETHER we like the idea or are repelled by it, promoters have always been important figures on our national scene. These are enthusiastic people with attractive ideas and persuasive ways. They know how to make friends and influence people.

The function of the promoter has been to originate new ventures and then to find operators and financiers and bring them together. The promotion may be as small a thing as the making of home repairs, and it may be as large a thing as the building of a bridge over the Bosporous. . . .

The economic problem concerning promoters is to keep them responsible, to restrain them. A part of the restraint comes from the prospective operator who, knowing his business, decides that the promoter's dream makes sense or it doesn't; in part, it comes from the prospective financier who, knowing his business, finds the financial risks acceptable or not. The financier and the operator working together explode the promoter's dream or bring it to fruition, or they may give it a try and fail. Between them also they help to control the promoter's fee, commission, or other compensation, this being a matter directly related to the success of their mutual undertaking.

When the government is the financier much of the restraint on promoters is gone; government lending officials have nothing at stake in the borrowers' ventures. When the government is both the operator and the financier, the lack of restraint is even more severe. And anything can happen when the government is the promoter as well as the operator and the financier.

The establishment of a government lending program is an invitation to promoters. . . . It is particularly an invitation to the irresponsible element among the promoters because the government is not a canny lender. When the lender is not canny, promotion meets with less resistance and it

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is more than likely to yield the promoter more lucrative returns.

An important feature of the study of Reconstruction Finance Corporation lending made by the Senate's Fulbright subcommittee in 1950 and 1951 was the disclosure of the weakness of the government's officials and their inability to stand off the promoters. Now in 1954 we read of roving bands of promoters who sell overpriced substandard repair jobs to unwary homeowners to be paid for with the proceeds of loans guaranteed by the government. . . .

A GOOD LOAN is one which is certain to be repaid with interest at maturity. The certainty of repayment is at risk on a poor one. The better the collateral pledged to secure repayment, the better the loan. Possession of the collateral, however, and freedom to use it, are at least as valuable to the borrower as they are to the lender and so it is generally to the borrower's narrow interest to pledge as little as he can get by with. If only the borrowers' inclinations were to govern, the nation's loans would grow more and more speculative.

When private lenders are the custodians of the standards of lending, there is a strong resistance to a lowering of the standards. The lenders' own selfish interests are involved. This is one of the strengths of our American competitive economic system. . . .

Government lending programs and government guarantee programs have a fatal attraction politically. They can be used handily to bestow favor on particular groups and persons. Through them the use of the nation's wealth can be channeled to those people who are adjudged to have the need but not the means, and this can be done in large part without the appearance of taxing those who have the means. For lending purposes, the savings and other wealth of the people are assembled in the national treasury by issue of the government's obligations in one form or another and through the lending programs, they are applied where their owners would not otherwise willingly apply them. Indirectly, this is compulsory lending. It is politically acceptable—even desirable because the compulsion is concealed by the indirection. Who could object to the exchange of his savings for government bonds? And who really feels injury when a bad loan comes to light, as in recent years they have been doing with disturbing frequency?

Because it is attractive politically, government lending grows and grows. Each successive na-

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tional administration offers more than the last, lest there appear to be retrogression where progress is desired; and there are plenty of pressure groups ready, willing, and able to point to any appearance of retrogression. On the face of it, the only way for a new national administration to offer more than its predecessor did is to expand the volume of the programs and the fields in which they are available, and to ease up on the standards so that more and more people can have the advantages with less and less risk on their own part.

When FHA began in 1934, a very substantial equity investment, as high as 50 per cent in some areas, was necessary before a man could borrow enough to build himself a home. Now, 20 years later, the proposal has been made in all seriousness, that FHA be authorized in some circumstances to pledge the government's credit where a prospective homeowner has no resources at all and where 40 years is fixed as the term in which he will work out the mortgage. Forty years for many of us is the entire span of our working life and for some it is even more. . . .

Important economic degradation inevitably results when the government's credit is placed at the disposal of private persons and private business concerns to help them gain competitive advantages, and it is the opinion of the task force that the long-term debilitating effects of this latter class of lending outweigh the benefits which the activities yield. These lending programs stifle the private initiative of individual people and though the government can rather easily engage in activities which stifle initiative, there is no positive way in which it can repair the damage. Initiative is encouraged and character is strengthened mainly through the opportunity and experience of overcoming adversity.

Extracted from the February 1955 report by the Task Force on Lending Agencies, prepared for the Hoover Commission on Organization of the Executive Branch of the Government.

BUT THE SAME GOVERNMENT that fears the too-rapid growth of installment credit, even when financed by private lenders at their own risk, has promoted an enormous housing boom by itself guaranteeing mortgages on shoestring margins that make the installment-credit terms on automobiles or television sets look like the acme of conservatism. It has forced Americans who want to invest in American corporations, to pay down 70 per cent of the purchase price, while it uses the taxpayers' resources to encourage other Americans to buy houses for 7, 5, 2, or 0 per cent of the purchase price.

HENRY HAZLITT, *Newsweek*, February 13, 1956

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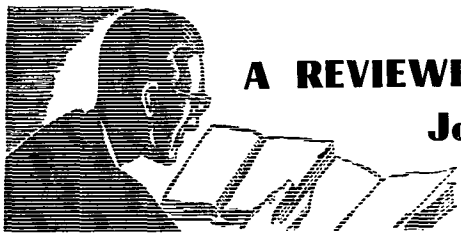

A REVIEWER'S NOTEBOOK

John Chamberlain

STRAIGHT THINKING," says George Leland Bach in his *Economics: An Introduction to Analysis and Policy* (New York: Prentice-Hall. 720 pp. $6.50), "is hard work." And he continues, "Straight thinking in economics is especially hard."

Since Professor Bach, a most undogmatic man, writes for thousands of students, his opinion about thinking is especially important. But even more important is his illustration of his own precepts in the thousand-and-one ways that must eventually come to the surface in a long book on the principles and practice of economics.

In an excellent chapter on the subject of straight thinking Bach canvasses the various fallacies that lead people astray in the practice of economic generalization. He shows how the makers of economic policy can go wrong by careless or shoddy inspection of the minor premise in a syllogism, or by confusing the "one" with the "many," or by using colored words, or by uncritical dependence on analogy or *post hoc, propter hoc* reasoning. If only because he gives his students the tools with which to refute much that is in his own work, I would call Bach's book one of the better of the new economics texts.

But it is "better" in a field that leaves much to be desired. And there are some fallacies which Bach does not help his students to spot.

Consider, for example, the fallacy of judging something by comparing it with an "average" composed of dissimilar elements. This particular fallacy crops up in Bach's friendly inspection of the British Welfare State. He doesn't think Britain has "stagnated" under its socialist experiments. "Although British total production and per capita productivity have risen much more slowly than in the United States," he says, "they have grown since the war at something like the same rate as the *average* of other western European countries recovering from the war."

The meaninglessness of such a statement must become obvious when one reflects on the fact that

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a west European "average" must include the Free Enterprise Germany of Adenauer, the experiments in state-owned production in France, the extreme socialism of Norway, the orthodox comeback policies followed in Belgium, and the "middle way" of the cooperatives in Denmark. The "average" could have been rendered more meaningless by the inclusion of Poland or Yugoslavia or Greece, which have also been recovering from the war.

Another trap into which Bach falls is that of the relativism that makes mock of principles. "Every nation," he says, "has its own ideals. . . . Perhaps the Russian and the British economic systems look terrible to us; but if they're doing all right in the eyes of Ivan Ivanovitch and John Bull, who's to say they're worse than ours? Maybe they're only worse by our standards."

Such a statement goes pretty far towards saying that there can be no science of economics. But its shallowness is exposed when one considers that the performance of an economic system can be judged by its use of land, labor, capital, and imagination to satisfy as many wants as is possible under the circumstances imposed by the fact of natural scarcity. The truth is that the British and Russian systems are almost infinitely worse than the system followed in the United States by any *economic* standard. The British system has wasted tremendous energy that has gone into such things as betting on soccer games or into cultivating a scornful "marginal utility" view of that extra hour of work that is performed primarily for the tax collector's benefit. As for the Russian system, it has merely killed several million peasants who preferred death to farming in collectives.

Are such phenomena merely "worse by our standards"? To ask such a question implies a judgment that idleness and even death can be considered economic ends worth pursuing. But to argue this way is to graft the Freudian death-wish onto the science of economics. Maybe the Russians and, to a lesser extent, the British have the death-wish. But if so, it should not be allowed to confuse American students who are being taught the elements of *economic* thought.

LIKE OTHER ECONOMISTS of the modern breed, Bach devotes a great deal of space to the subject of the "GNP," or the Gross National Product. No doubt it is both interesting and instructive to know just what payments for goods and services go to make up

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the grand total of national production. But after one has set down all the facts about the output of carrots, machine tools, maid service, movies, and Buicks and translated them into money terms, just what does one do with them?

The answer of the modern breed of economists is that one uses the GNP as a guide to policy decisions about a number of things, the idea being to keep the national income rising by at least 3 per cent each year. But the facts about last year's production can hardly tell the government what to do about next year or the year after. For example, if a million housing starts are made in one year, does this mean that a million should be the base line for every year thereafter? If Detroit turns out 7 million automobiles in 1955, does this imply that a drop to 5 million for 1956 is to be avoided at all costs? And if both housing starts and automobile production fall off despite government manipulation of credit, does this mean that the government should go into the market for other things just to keep the total GNP up?

In the old view of things economic, if any single component of the GNP were to diminish in volume, it was taken as a sign that the people were "voting" for a change. It was recognized as both inevitable and good that the factors of production should move from buggies to automobiles. But under the new dispensation, worship of the GNP results in all sorts of attempts to keep production up to last year's standards for houses and hams even after the telltale signals have been wigwagged that people have other — and better — uses for their money.

Thus the emphasis on the GNP can and does result in bad distortions of the economy. It tends to rivet marginal farmers to marginal farms and to keep unnecessary contractors in business as political policy makers strive to maintain the mixture of the GNP "as before."

BACH'S preoccupation with national income analysis cannot be set down as a fallacy per se. But if he had applied "straight thinking" to the subject of the GNP, he might have asked some pertinent questions about the value of the whole national income approach. A little dosage of "So what?" in the GNP chapter might have done a world of good.

Bach warns his students against "colored" words. But his fondness for Greek derivatives — "oligopoly" — colors his treatment of the problem of monopoly. The fact that "oligopolies," such

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as Ford and Chrysler, quote their car prices is taken to mean that "pure" competition no longer prevails in the field of supplying transportation to individuals. But this is making "oligopoly" into a bogy that doesn't exist. As Burton Crane says in his *Getting and Spending: An Informal Guide to National Economics* (New York: Harcourt, Brace. 303 pp. $4.95), "If the price isn't right, you don't buy or you buy something else." If this year's Detroit six-cylinder car is too costly, the answer may be an imported Volkswagen. A growing number of people are giving exactly that answer. Again as Mr. Crane says, "You aren't forced to have an aluminum roof on your barn. There are other materials . . . . If ten cents seems a lot for a New York Saturday-afternoon paper, you can wait a couple of hours and get ten times as much news, erudition and culture for twenty-five cents in the Sunday New York *Times* . . . ."

No doubt straight thinking in economics is especially hard. But it shouldn't be beyond anyone who has had some slight acquaintance with logic. Bach gives an excellent exposition of the uses of syllogistic thinking in economics. But he hasn't pondered William Graham Sumner's feeling that you get as much out of a major premise as you put into it.

Professional Public Relations and Political Power by STANLEY KELLEY, JR. Baltimore: The Johns Hopkins Press. 247 pp. $4.50.

In one of his debates with Douglas, Abraham Lincoln observed, "He who moulds public sentiment goes deeper than he who enacts statutes or pronounces decisions. He makes statutes or decisions possible or impossible to execute."

Inasmuch as public opinion is so decisive, anyone concerned with the national scene might well inquire: What techniques are at work moulding this opinion today? An excellent answer is found in Mr. Kelley's book, which provides a lucid, factual account of the decline of the political boss and the rapid rise, during the past quarter-century, of the public relations man as an influencer of opinion and even as a determiner of political policy:

> He stages propaganda campaigns so that legislators will find it easier, or more difficult, to pass particular laws. He works to build men into public figures and to put them into offices of government. He attempts to give political parties advantageous publicity position. He manages campaigns for pressure groups desirous of putting initiative and referendum measures into codes of public law. These kinds of participation by the public relations man in parties and politics are now frequent, and widespread geographically; they occur at all levels of gov-

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ernment and are apparently increasing . . . .

The author quotes a Texas editor as saying, "No newspaper could afford the staff it would take to turn out the vast amount of news that fills the papers every day." And he cites *Fortune's* conclusion that now nearly half the contents of the nation's better newspapers comes from publicity releases. But the public relations man today is involved in far more than sending releases to newspapers.

Mr. Kelley shows, in a basic narrative buttressed by substantial case histories, how the political publicist helps determine campaign strategy, including size of promotion budget and which issues or ideas should be stressed; and how he makes ingenious use of both advertising and publicity in our enormously-expanding mass media — newspapers, magazines, radio, TV, car cards, billboards — and of such varied devices as letters, postcards, handbills, and pamphlets distributed by the millions; as well as specially-written books, sound trucks, mass meetings, fan clubs, and drives for endorsements by national, state, and local organizations.

While the case histories accent the efforts of public relations in behalf of the Republican party and of campaigns to stop socialistic measures (such as the A.M.A.'s crusade against Compulsory Health Insurance), it is also perfectly plain that every artifice of the publicist has been — and will be — used to undermine a free society.

This book will help make anyone less naive concerning the factors at work in the political scene. For the libertarian, it reveals some of the techniques which will be employed to befuddle his fellow citizens (and even himself) into accepting socialism, and what methods are available to aid those engaged in resisting specific collectivistic measures.

CHARLES HULL WOLFE

The Decline of American Liberalism by ARTHUR A. EKIRCH, JR. New York: Longmans, Green & Co. 401 pp. $7.50.

In the very infancy of the American Republic, the tradition of central authority and political privilege began to assert itself despite the liberal individualistic philosophy and limited government ideas embodied in the Declaration of Independence, the Articles of Confederation, and the Constitution. For instance, though the Congress had no Constitutional authority to create a central bank, the first U. S. Bank was

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successfully sponsored by the first Secretary of the Treasury, Alexander Hamilton.

Thus, as soon as the new republic got going it began to fall away from true liberalism. A second central bank succeeded the first. Pointless wars were fought against England and Mexico. Protective tariffs were erected to give domestic manufacturers advantages in the local market. Political interventions multiplied during the nineteenth century.

With each decade of the twentieth century the erosion of liberalism unsteadily increased. Americans became imbued with the notion of "manifest destiny," and the American empire stretched from the West Indies to the Philippines. A parallel development was the clamor for social legislation and the demand for a large and strong federal government willing and able to provide the country with the various "Deals," square, new, and fair.

Professor Ekirch depicts well these major trends away from the political and social ideals of classic liberalism. For him, liberalism means the emergence of man over the State; it conveys a sense of the dignity and self-determination of the individual. The intellectuals of the present time have pre-empted the word "liberalism" and corrupted it to mean the use of the State's power to accomplish "social ends."

But as this book makes clear, the true liberal — whether he calls himself a conservative, a libertarian, or an individualist — is the man who sets his heart and mind on the eternal but elusive goal of liberty.

WILLIAM H. PETERSON

America's Concentration Camps: The Facts about Our Indian Reservations Today by CARLOS B. EMBRY. New York: David McKay Company, Inc. 242 pp. $3.50.

The significance of the present American dilemma becomes more obvious when we examine the plight of the American Indian, whose welfare has been the concern of the federal government for some years now. To those unfamiliar with the situation, the title of this important study may seem an exaggeration; to those in touch with Indian affairs, Embry's study can be called an understatement in that it gives little attention to the extensive cultural and human devastation wrought by our Indian policies.

Embry's work is essentially a study of the legal status of Indians on reservations, with frequent glances backward into the histories of various tribes in their

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relation to the government. He avoids retelling some of the most vicious aspects of those histories in order to give a more temperate account. He is at his best in dealing with the contemporary scene. The duplicity of the Indian Reorganization Act of 1934 is tellingly stated, as well as the self-perpetuating activities of the Indian Service and its effective frustration of Indian independence.

But perhaps the most significant chapter is "Forced Communism or Freedom?" which deals with attempts to remedy the situation. The tragic fallacy is best seen in the sincere efforts of Commissioner Glenn L. Emmons to fulfill Eisenhower's promises concerning Indian liberty. Emmons' fourfold analysis of the ways to termination of federal control is commendable, but its failure is apparent when Emmons declares that the "major forces now holding many of the Indian people back . . . are . . . ill health, lack of educational opportunities, and widespread poverty." As Embry makes clear, the real hindrance is federal control, which has succeeded in making Indians dependent on the government and fearful of any change, despite their dissatisfaction. And ten-year plans to freedom succeed in doing nothing but to make the planner, the federal government, more essential to the Indian. The more extensive the planning, the greater and more tragic the dislocation when the planning is terminated.

The Indian problem is one with our total American problem. When local and state governments are so dependent on Washington, and their operations are so closely linked to federal spending, it is no wonder that Indians are similarly tied to Washington's apron strings to an extreme made possible by their political impotence.

R. J. RUSHDOONY

An Economic History of England: The 18th Century by T. S. ASHTON. New York: Barnes & Noble, Inc. 257 pp. $4.00.

Despite the romanticism of folk tales, life was far from idyllic in the days when Jack-of-the-Beanstalk and his young contemporaries trudged along picturesque country lanes, leading the family cow or pigs to market.

Conditions changed slowly in those times. Before 1700 life was pretty much the same throughout the world. A long cold winter or an exceptionally wet season made life in the quaint cottages of fairy-tale renown so uncomfortable that mortality rates zoomed. Thousands of ragged and homeless beggars could find no employ-

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ment in the rigidly protected industrial and social hierarchy of that era.

But in the eighteenth century, liberal ideas began to have a marked effect on everyday life in England. Gradually men realized that government should not be permitted to interfere with their private lives. They came to believe they should be free to use their property as they wished. With the spread of this philosophy, the initiative and ingenuity of industrious individuals began to affect the lives of all the citizens in the country. Men learned that by hard work and saving they could advance in the world, upsetting the rigid class structure of feudalism.

Professor T. S. Ashton of the London School of Economics deals with this period in *An Economic History of England: The 18th Century*. In the carefully documented words of a true historian, he describes the development of the factory system, a comprehensive network of roads and canals, new farming techniques, the banking and insurance industries, overseas trade, and the resulting improvements in economic conditions.

It has been estimated that there were about 5½ million people living in England and Wales in 1695. Epidemics were frequent and infant mortality rates were high. As transportation improved, the people could enjoy a more varied and healthful diet. Soap and washable clothes became more common. Medical practice improved. And gradually the population increased to probably more than 9 million by the end of the eighteenth century.

This book is not light reading, but it is an important contribution to historical knowledge. Its countless references to original source material should prove valuable to the researcher of this period, not only to the academician but also to the novelist and the scenario writer.

His conclusions, however, are most reserved, befitting a careful historian:

> Thoughtless writers have compared the semi-skilled operatives in the new factories with the small farmers and craftsmen of an earlier generation. If comparison is to be made at all it must be with the squatters of the country-side, and the paupers of the towns, from whose ragged ranks the factory workers were largely drawn.

BETTINA BIEN

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IT IS IMPOSSIBLE to introduce into society a greater change and a greater evil than this: the conversion of the law into an instrument of plunder.

No society can exist unless the laws are respected to a certain degree. The safest way to make laws respected is to make them respectable. When law and morality contradict each other, the citizen has the cruel alternative of either losing his moral sense or losing his respect for the law.

In order to make plunder appear just and sacred to many consciences, it is only necessary for the law to decree and sanction it. Slavery, restrictions, and monopoly find defenders not only among those who profit from them but also among those who suffer from them.

A selection from "The Law" by Frédéric Bastiat, 1850. Translated by Dean Russell. Foundation for Economic Education, Irvington-on-Hudson, N. Y. 76 pp. 65c paper-bound, $1.25 clothbound.

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